INDUSTRIAL LABOUR & SOCIAL SECURITY.

CHECKED
2105-10

Checked
64

Laxmi Krishna & Sons
Book Sellers.
Amarkali Lahore.

Checked
1976

AMARSINGH COLLEGE

Library

Class No. 331 S2

Book No. A14I

Acc. No. 57052

BY THE SAME AUTHOR.

1. Economics of Restriction.

2. Provincial Debt Legislation in relation to Rural Credit.

3. The Future of Foreign Capital in India.

4. Recent Trends in Commercial Policies with special reference to India's Foreign Trade.

5. Lessons of Tariffs in India.

6. The Role of Silver in Indian Economy.

INDUSTRIAL LABOUR & SOCIAL SECURITY.

By

N. G. ABHYANKAR, M.Sc. (Econ.) (Lond.)

Foreword by

Hon'ble Dr. B. R. AMBEDKAR,

Labour Member, Govt. of India.

THE TIMES OF INDIA PRESS, BOMBAY.
1944.

A1h I
5708
R961
LIBRARY, SKINADE

FIRST PUBLISHED IN 1944.

Price: Rs. 6 or 9 Shillings nett.

PRINTED BY H. W. SMITH AT THE TIMES OF INDIA PRESS, BOMBAY, AND PUBLISHED BY N. G. ABHYANKAR, M.SC. (ECON.) (LONDON), NEW DELHI.

Foreword

I AM sure Mr. Abhyankar's book will be welcomed by all people who are interested in the labour problems of India. This is a vast and a crying problem. There are not many books on the subject, and those that exist deal with parts of the problem only. Mr. Abhyankar's, I believe, is the first attempt to deal with the subject comprehensively in all its aspects. It shows what has been done so far for labour in India by the Central as well as by the Provincial Governments. In the last part Mr. Abhyankar discusses the place of labour in relation to the vital economic development of India. The book shows how much trouble he has taken in collecting his material and what care and caution he has shown in putting forth his views wherever he has found it necessary to do so. The book is bound to be very useful and very handy to all those who have to deal with the problems of labour in India.

B. R. AMBEDKAR.

NEW DELHI, *June* 8, 1944.

INTRODUCTION.

The brief interlude of popular Administrations in the Provinces, for over two years, before the outbreak of the present War, gave a great fillip to legislative efforts for the improvement in the condition of the industrial wage-earner in India. The recommendations of the various Labour Enquiry Committees appointed at the time—Bombay, Bihar, C.P. and U.P.—will, when fully implemented, serve as the basis of a minimum framework of social and economic security for the worker in the post-war years. During the five war-years some notable steps have been taken such as the constitution of a Tripartite Labour Conference with its Standing Committee and the assumption by the State of powers to require workers to give a 14 days' notice before going on strike and to prescribe conditions of service in the Industry so affected by the amendment of the Defence of India Rules. Broadly speaking, however, the War with its concentration on mobilisation of the industrial resources for its effective prosecution, has slowed down the process of further measures for the reform of the worker's condition. The problem of the industrial worker and further legislation for the improvement in his position are bound to figure very prominently in the political programme of Provincial Governments after the restoration of peace and the return of popular governments to their charge. It will, therefore, be opportune to examine the implications of Labour Policies contemplated or recommended by the Provincial Governments and Provincial Labour Enquiry Committees and to formulate general conclusions which, while ensuring a 'Square Deal' to the industrial worker would not hamper the much-needed rapid industrialisation of the country.

2. The object of this study is threefold :—

(i) To describe the measure of security and protection which the existing Labour Code affords to the worker against the normal risks of industrial life.

(ii) To examine the proposals and recommendations for providing a wider measure of social and economic security for the worker, particularly those against "uncared-for illness, disabling accidents and penniless old age."

(iii) To set out the nature and the fundamental objectives of the comprehensive economic Planning which is vital for tackling the problem of Indian poverty of which the low standard of living of the worker is essentially an integral part.

3. Part I of the book is devoted to a descriptive analysis of the entire Labour Legislation enacted in British Indian Provinces and some of the leading Indian States between 1881 and 1942. The entire field of legislation regulating hours and conditions of work of industrial wage-earners, industrial disputes, workers' organisations, welfare measures such as maternity benefits and indebtedness has been surveyed in as much detail as a study of this kind can permit. The measure of security afforded by the existing Labour Code reviewed in this part can be summarised in the following words:

An average adult worker in a factory or a mine, in India, today, cannot work longer than 10 hours a day; law secure him a compulsory weekly holiday and intervals of rest during his working hours; no child below the age of 12 is admitted to industrial employment and in some occupations minimum age is raised to 15; persons between the age of 12 and 17 who are physically unfit to be treated as adults are regarded as children; night employment of women and children is prohibited and rules under the Mining Legislation exclude women from underground work in mines; [1] payment of wages to workers and the employer's power to fine his employees are regulated by law. The State has imposed an obligation on the employer to pay compensation, according to prescribed scales, to workers who receive injuries resulting in temporary or permanent

---

[1] This provision has recently been relaxed temporarily to meet the acute Labour shortage in coal-mines.

disablement or death or who contract occupational diseases during the course of their work; the right of workers to organise and to strike for the defence and furtherance of their legitimate interests has been recognised by law; the State has also assumed responsibility for bringing about amicable and peaceful settlement of industrial disputes; Maternity Benefits, which are a part of the Social Insurance Legislation in the West, are made a liability of the employers who are required to give compulsory rest with pay, to women workers for a period of 4 weeks before and 4 weeks after delivery. The principle of Statutory Regulation of hours and working conditions has recently been extended to persons employed in shops, commercial establishments, restaurants and to a small extent in unregulated factories and, in addition to the statutory limitations of the hours of work, this class of workers enjoy the right of privilege leave with pay of 15 days for continuous service of eleven months. The survey is concluded by bringing out the necessity of a uniformity in the Labour Code and its administration throughout the country.

4. With the exception of Maternity Benefits and Workmen's Compensation Legislation, the Indian Labour Code of the past reviewed in the first part was in the main of a negative character, in the sense that it was designed to protect the worker from some of the admitted evils of modern industrialism. Even a cursory study of the recommendations of the recent Labour Enquiry Committees shows that more progressive and positive legislation of the type of the "Social Insurance Legislation" in the West has made its appearance on the Indian horizon. The second part—which is the more important—is devoted to a critical examination of the proposed measures of reform which were under contemplation of the Provincial Governments or are recommended by the various recent Labour Enquiry Committees such as Bombay, Bihar, Cawnpore, Central Provinces and also discussed in the Labour Ministers Conferences in 1940, 1941 and 1942. A set plan—a brief theoretical discussion, the manner in which other countries have adopted it in practice, the justification or otherwise of the adoption of the proposal in the present stage of

economic development of India—is followed in the examination of each of these proposals. The main questions dealt with relate to the maximum working hours ; regulation of night shift work ; standardisation of wages ; rationalisation ; minimum wages ; the system of recruitment ; educational facilities ; the setting up of a more adequate machinery for the settlement of industrial disputes ; the future position of trade unions and more particularly, the question of their recognition, the possibility of Social Insurance Legislation, like Sickness Insurance, Old Age Pensions, Provident Fund, Unemployment Insurance and holidays with pay ; the development of housing ; the establishment of research organisation to study industrial hygiene and fatigue ; the collection of statistical data and so on. These proposals are considered in the light of theoretical considerations and the actual realities of Indian economic life and the future lines of advance are indicated.

5. It was felt that no discussion of the problem of bettering the lot of the industrial worker could be complete without examining the position of Labour *vis-a-vis* the general economic life in India. The excessively low income of the average wage-earner is essentially a part and parcel of the deep and widespread poverty of the Indian masses. The third part is, therefore, devoted to an examination of the nature and general lines of tackling the question of Indian poverty and raising the average standard of living. The concept of " standard of living " the conditions governing economic progress and the stages through which other progressive countries have attained higher standards of living have been examined and, in the light of this analysis, an attempt has been made to set out the broad objectives of wider economic planning in India for tackling the question of raising the standards of living of the masses including those of the industrial wage-earners.

Food, Shelter, Clothing, a reasonable Educational attainment and an assured opportunity to work at a fair wage can be defined as the contents of a minimum framework of social and economic security. To enjoy such

security, every able-bodied man and woman must command the minimum purchasing power which in its turn will depend upon the opportunities which the economic system affords them of full employment at a fair price. To the urban industrial worker, it means full and constant employment at a fair wage. To the agriculturist, it means a guaranteed market for his surplus produce at a fair price. To the middleman, it means a fair and suitable remuneration for his services. This objective can be achieved only through a comprehensive economic plan designed to secure a net increase in total employment and output through rapid industrialisation, improvement in the efficiency of agricultural production and a great educational effort with a view to ensure " Food, Work and Homes " for all.

6. The sources on which I have drawn for the preparation of this book are too numerous to be acknowledged individually. I am grateful to the Federation of Indian Chambers of Commerce and Industry for giving me permission to utilise the fruits of my investigations conducted while I was in their service. I am also indebted to Sir Purshotamdas Thakurdas, Mr. G. D. Birla, and Mr. N. R. Sarker, without whose keen interest in my work I could not have completed my long labour. I also owe a special debt of gratitude to Hon'ble Dr. B. R. Ambedkar for having taken the trouble of reading through the book and consenting to write the foreword. My thanks are also due to my brother Lieutenant M. G. Abhyankar for many valuable suggestions.

N. G. ABHYANKAR.

1st *May*, 1944.

CONTENTS.

PART I.

Page.

I

Factors leading to the existing Labour Code .. 1

II

Legislation regulating the hours of work and conditions of employment of industrial workers .. 5

(*a*) Factory Legislation 5

(*b*) Shop-workers' Legislation 15

(*c*) Mine-workers' Legislation 23

(*d*) Plantation-workers' Legislation 26

(*e*) Transport-workers' Legislation 27

(*f*) The Workmen's Compensation Act 29

(*g*) The Payment of Wages Act 33

III

Legislation relating to industrial disputes and the maintenance of peace in industrial life 34

(*a*) Trade Disputes Act, 1929 35

(*b*) Bombay Trade Disputes Conciliation Act, 1934 36

(*c*) The Bombay Industrial Disputes Act, 1938. 37

IV

Legislation relating to workers' organisations and their privileges 42

V

Welfare Legislation 44

VI

	Page.
Miscellaneous Legislation	46

VII

Labour Legislation in States	48
(*a*) Mysore	49
(*b*) Hyderabad	49
(*c*) Baroda	49
(*d*) Indore	49
(*e*) Travancore	50
(*f*) Cochin	50

VIII

Conclusions	51

PART II.

A critical examination of the proposed Labour Policies	55

I

The trend of the new Labour Policy	57

II

Proposals relating to hours of work and conditions of employment of industrial workers	62
(*a*) Maximum hours of work	62
(*b*) Regulation of the hours of night shift work.	68
(*c*) Minimum wages	74
(*d*) Standardization of Wages	88
(*e*) Rationalization	91
(*f*) Recruitment and Allied Problems	95
(*g*) Educational Facilities	101

III

Page.

Proposals relating to industrial disputes and the maintenance of peace in industry 104

IV

Proposals relating to workers' organisations and their privileges 116

V

Proposals relating to Workers' Welfare 133

(*a*) Sickness Insurance 137

(*b*) Old Age Pensions and Provident Fund Schemes 139

(*c*) Unemployment Insurance 141

(*d*) Industrial housing 158

VI

Miscellaneous Proposals 163

(*a*) The collection of Statistical Data 163

(*b*) The establishment of All-India Industrial Council 165

(*c*) The establishment of All-India Institute of Industrial Psychology and Industrial Fatigue 166

PART III.

Labour in relation to the future economic development of India 168

I

(I) The General Standard of Living in India .. 169

(II) The Conditions of Economic Progress .. 172

(III) The Major Planks of Economic Planning .. 182

PART I

A Descriptive Analysis of the Existing Labour Code.

I

Factors Leading to Existing Labour Code.

The years following the Great War (1914-18) witnessed a considerable quickening of the process, begun in the seventies of the last century, of increasing State intervention in and regulation of industrial life and conditions, with a view to better the daily lot of the industrial worker in India. The work of the International Labour Office and the annual sessions of the International Labour Conference had a great educative influence on Indian public opinion towards the problem of Labour and Industrial Relations. The participation of representatives of Indian Government, Capital and Labour in the International Labour Conferences, from their very inception, brought home to them the striking disparity between the position of the average worker in India and that of his brother-worker in the West, and emphasized the necessity of a combined effort, on the part of Government, the industrialists and Labour, to adopt all measures, consistent with the stability and progress of Indian industry, for raising the economic position of the industrial worker in India. Thanks to their experiences during the Great War, the Indian working-classes had acquired a new sense of organised strength and collective action for improvement of their condition of life. On the other hand, there was an increasing appreciation, on the part of a growing body of employers, of the fact that an educated, organised and contented Labour force was more of a help than a hindrance to the rapid industrial development of the country. The monumental Report of the Royal Commission on Labour, 1931, gave additional stimulus to public interest in Labour questions and their manifold recommendations set the pace of Labour reform and proved the foundation of the Labour Policy of the Central and Provincial Governments during

the subsequent decade. The organised political parties had always put the problem of reform of Labour conditions in the forefront of their political programme. Over and above all this, with the increasing tempo of Indian industrialisation, stimulated by the Great War I and greatly encouraged by the Policy of Discriminating Protection, there was a general and a widely-recognised feeling in the popular mind that, in the course of her future industrial growth, India should avoid the well-known evils of the initial phases of industrialism in India and more particularly the horrors associated with the early industrialism of England of the days of Dickens, Carlyle and Shaftsbury. All these factors led to the setting up of a comprehensive "Labour Code" which was described by Mr. Harold Butler, the former Director of the International Labour Office, as being in "reasonable correspondence with India's present stage of industrial development."

Substantial as was the achievement in the field of Labour Legislation in the pre-Autonomy period, it would appear almost conservative in comparison with the Labour policies announced by the popular ministries after their coming into power in April, 1937, and the recommendations of some of the recent Labour Inquiry Committees, such as the Bombay Textile Inquiry Committee, the Bihar Labour Inquiry Committee and the Cawnpore Labour Inquiry Committee. The election manifesto of the Indian National Congress, which formed and controlled Governments in nearly 7 or 8 Provinces, declared that the Congress Labour Policy would be designed "to secure to the industrial workers a decent standard of living, hours of work and conditions of labour, in conformity, as far as the economic conditions in the country permit, with the international standards; a suitable machinery for the settlement of disputes between employers and workmen; protection against economic consequences of old-age, sickness and unemployment, and the right of workers to form Unions and to strike for the protection of their interests." Some of the Provincial Governments—the Government of Bombay being the most notable amongst them—implemented a part of their declared Labour Policy, as seen in the enactment of the Bombay Industrial Disputes Act of

1938 and the Bombay Shops and Establishments Act of 1939, which paved the way for similar legislation in Punjab, Bengal and Sind.

The well-known diversity of Labour conditions between the British Indian Provinces, on the one hand, and the Indian States, on the other, had already made the Indian public familiar with the problem of the reactions of unequal Labour laws, as between different areas, on the competitive position of the industry and the consequent tendency of the industry to migrate from the areas where the Labour standard is high to the areas where the Labour standard is low. The relatively more progressive attitude in the matter of Labour Legislation of some Provincial Governments brought into prominence the possibility of the creation of further disparity of Labour standards from Province to Province and focussed public attention on the desirability of a machinery for securing uniformity and co-ordination in the Labour laws applicable to the country, as a whole. The Whitley Commission on Labour had visualised this development and recommended the setting up of an Industrial Council, consisting of representatives of the various Provincial Governments and Indian States, to formulate a common Labour Code for the country. The Government of India held the view that time was not yet opportune to set up such a Council. But, they gave a valuable lead in calling up a Conference of the Labour Ministers of various Provinces and States, to discuss, pool their individual experience and to evolve, as far as practicable, a uniform Labour Policy. In the absence of popular representatives from seven Provinces, where the Ministries had resigned in November, 1939, the Conferences held in New Delhi, in January 1940, January 1941, and August 1942 lost much of their immediate practical significance. They, however, did useful spade-work for the objective of bringing about a uniformity in the Labour Code of the country. An important forward step was taken in this direction in 1942 by the constitution of a Tripartite Conference with a Standing Committee representing Capital, Labour and Provincial and Central Governments which may prove the fore-runner of the Industrial Council envisaged by the Whitley Commission.

The outbreak of War in September, 1939, and the cessation of the functioning of normal constitutional Government in seven out of the eleven Provinces considerably slowed the pace of legislative activity of the Provincial Governments. But, it is clear that the problem of industrial worker and further legislation for the amelioration of his condition is bound to figure very prominently in the political programme of Provincial Governments after the restoration of Peace and the return of popular Governments to their charge. It will, therefore, be interesting to examine the implications of Labour policies contemplated or recommended by the Provincial Governments and the Provincial Labour Inquiry Committees, and to formulate general conclusions which, while ensuring a Square Deal to the industrial worker would not hamper the much-needed, rapid industrialisation of the country.

Before proceeding to this task, however, it will be helpful to review and form a clear idea of the Labour Legislation which has already been put on the statute book by the Central and Provincial Governments. Broadly, the entire mass of Labour Legislation enacted by the Government of India and the Provincial Governments up to the time of writing this monograph, can be classified in five heads :—

(*a*) Legislation regulating hours of work and conditions of employment of industrial workers.
(*b*) Legislation relating to industrial disputes and maintenance of peace in industrial life.
(*c*) Legislation relating to Workers' Organisations and their right to strike.
(*d*) Welfare Legislation, and
(*e*) Miscellaneous Legislation.

The first part is devoted to a descriptive analysis of the Legislation classified above and the second part attempts a critical appraisal of the Labour Policies that were either recommended or contemplated. No discussion of the question of the reform of Labour conditions can be complete without examination of the position of the industrial workers in the context of the general economic life of the country. The third part reviews briefly the issues having a general bearing on this problem.

II

Legislation Regulating the Hours of Work and Conditions of Employment of Industrial Workers.

The first and foremost aspects of industrial life which were brought within the compass of regulation, related to the daily hours of workers in factories, mines, plantation estates, railways, ports, shops and commercial establishments ; maintenance of a minimum standard of cleanliness and sanitation within the factories, payment of compensation to workers for injuries sustained during the course of the work and regular payment of wages.

(i) Factory Legislation.

The need for the regulation of hours of work and conditions of employment of industrial workers was recognised in India as early as the seventies of the last century. The first Indian Factories Act was passed in 1881. The object of the Act of 1881 was to regulate the hours and conditions of work of children working in " Factories " which covered places employing 100 or more persons and using mechanical power. In addition to the provisions relating to safety, the Act prescribed a minimum age of 7, a 9-hour working day, with a compulsory rest interval of one hour, and four holidays in a month, for children (who were described as persons between the age of 7 and 12) working in such factories.

The Act of 1891, which followed, sought to bring within the compass of regulation, the hours and conditions of work of women employed in factories—the term being modified to cover places employing 50 or more persons and using mechanical power. Local Governments were authorised to extend the Act to premises employing 20 or more persons and using mechanical power.

Besides raising the minimum age of children from 7 to 9 (children being defined as persons between the age of 9

and 14) and reducing the daily hours of work from 9 to 7 a day, with a rest interval of half an hour, the Act prescribed an 11-hour day, with a rest interval of 1½ hours, for women, and restricted the night employment of women and children. It also made provision for weekly holidays, exclusion of children from dangerous work, inspection and penalties for the contravention of the Act.

The Factories Act of 1911 was the first Indian Factories Act which extended the principle of regulation to the hours of work of adult male industrial workers. While maintaining the hours of work of women at 11 a day, the Act limited the hours of work of adult male workers, in textile factories, to 12 a day and reduced the hours of work of children, working in textile factories, from 7 to 6 a day. It also provided a rest interval of half an hour during the working day for all operatives and contained numerous provisions for safeguarding the health and safety of the workers and ensuring more effective inspection of the administration of the Act. The Act, however, conferred wide powers on local governments to grant exemptions in particular cases.

These early Factories' Acts were replaced by the Factories Amendment Act of 1922. It defined a factory as any premises which employed 20 or more persons and which utilised mechanical power. Local governments were authorised to declare, by notification, any premises employing 10 or more persons and working with or without mechanical power, as " Factories", for the purposes of the Act. The minimum age of children was raised to 12 (children being defined as persons between the age of 12 and 15) and their hours of work, in all factories, were restricted to 6 a day. The hours of work of women, in all factories, were restricted to 11 a day or 60 a week, and their employment between 7 p.m. and 5-30 a.m. was prohibited (with necessary exemptions in respect of fish-curing and canning industries). The hours of work of men were limited to 11 a day or 60 a week. The Act also made provision for half an hour's rest interval, compulsory weekly holidays for all workers and contained elaborate provisions regarding the health and safety of the workers. It further

provided that in case of over-time, workers should receive 1¼ times the normal rate of pay, and women and young persons, under 18, were prohibited from employment in certain lead processes.

Some minor amendments to the Indian Factories Act of 1922 were made in 1923, 1926 and 1931, but no major change in the Factory legislation was attempted till the passing of the Indian Factories Act of 1934.

The Indian Factories Act of 1934 is a comprehensive, consolidating measure which replaces all previous Factories' Acts of 1881, 1891, 1911, 1922, as amended by the Acts of 1923, 1926 and 1931. The main object of the Act is: (1) to reduce and standardise the hours of work of factory workers; (2) to prescribe a minimum of safe and healthy conditions within the factory, and (3) to make provisions for adequate inspection and strict administration of the Act. Although the provisions of the Act have been strengthened in certain respects by subsequent measures, the hours and conditions of work of factory workers in India are, in the main, regulated by the Factories Act of 1934 (as amended up-to-date). The main provisions of the Act are as follows :—

(*i*) The Act applies to factories which cover all manufacturing establishments wherein 20 or more persons are employed and mechanical power is used. Section 5(1) of the Act authorises Provincial Governments to declare any place as a factory, for the purposes of the Act, wherein a manufacturing process is carried, with or without the aid of power and 10 or more persons are employed.

(*ii*) The act makes a distinction between perennial factories and seasonal factories, for the purpose of prescribing different sets of regulations in respect of hours of work for these two types of manufacturing establishments.

Perennial establishments are defined as those which work for more than 180 days in a year.

Factories which are specified in the Act such as cotton-ginning, cotton or jute-pressing, decortication of groundnuts, the manufacture of coffee, indigo, lac, rubber, sugar (including gur) or tea, or any factory in which manufacturing processes are carried on for less than 180 days in a year, are defined as seasonal factories.

(*iii*) The hours of work of adult male workers in a perennial factory are limited to 10 hours a day or 54 hours a week,* and 10 hours a day or 56 hours a week in such perennial factories as involve continuous work.

The hours of work of adult male workers in a seasonal factory are limited to 11 hours a day or 60 hours a week.

The hours of work of women in a perennial factory are limited to 10 hours a day or 54 hours a week, and 10 hours a day or 56 hours a week in such perennial factories as involve continuous work.

The hours of work of women in a seasonal factory are limited to 10 hours a day and 60 hours a week.

The employment of women during the night is prohibited (with necessary exemptions in respect of fish-curing and canning industries), by requiring that no woman can work in a factory between 7 p.m. and 6 a.m., or 7-30 p.m. and 5 a.m. in respect of any class or classes of factories where the Provincial Government would, by notification, vary the limits.

The total spread-over of the daily hours of work of women and men is limited to 13 hours a day, inclusive of the rest intervals.

Every adult worker is entitled to a compulsory interval of rest and it is provided that no adult worker shall work for a period of 6 hours, 5 hours and 8½ hours, without having a rest interval of 1 hour, half an hour or two intervals of half an hour, respectively.

---

* To suit war-time requirements, these provisions have been relaxed in respect of some industries.

(*iv*) The minimum age of children is raised to 12 and persons between the age of 12 and 15 are treated as children under the Act.

The Act introduces a new class of persons, between the age of 15 and 17, who are called " adolescents."

No child is allowed to work in a factory unless he secures a certificate of fitness, from the Certifying Surgeon, and carries with him a token giving reference to such certificate, while at work.

Unless an adolescent secures from the recognised medical authority a certificate of his fitness to be treated as an adult worker, he is treated as a child and all the regulations relating to children apply to him.

The hours of work of children are limited to 5 hours a day. The total spread-over of the daily hours of work of children is limited to 7½ hours a day. Night work of children is prohibited, by requiring that no child shall be employed between the hours of 7 p.m. and 6 a.m., or 7-30 p.m. and 5 a.m. in respect of factories where the Provincial Government would, by notification, vary the limits.

The double employment of children in two factories on the same day is prohibited.

(*v*) All factory-workers (men, women and children) are entitled to a weekly day of rest on Sunday.

Exemption from this provision can be given to adult workers under certain conditions, provided no worker is required to work, for more than 10 days, consecutively, without a holiday, for a whole day.

No exemptions, however, can be given from the provision requiring a weekly holiday in respect of children.

For hours worked in excess of 54 or 56 up to 60 per week in a perennial factory, payment at the rate of 1¼ times the ordinary rate of pay is prescribed.

For hours worked in excess of 60 hours a week in a seasonal or a non-seasonal factory, payment at the rate of 1½ times the ordinary rate of pay is prescribed.

(*vi*) The Act contains stringent provisions to ensure health and safety of the operatives within the factory. Every factory has to ensure cleanliness, proper ventilation, prescribed standard of coolness, regulation of overcrowding of space and adequate lighting arrangements within the factory.

Every factory is required to have an adequate supply of pure drinking water, proper sanitary arrangements, sufficient supply of water for washing purposes and to fence dangerous machinery. The Inspector of Factories is authorised, wherever he thinks it necessary, to require the manager of a factory to satisfy him regarding the stability and safety of the machinery and the structure of the factory-buildings. The managers of factories have to report all serious accidents which incapacitate a worker from resuming his work in the factory within 48 hours after the accident, to the authorities prescribed under the Act.

The Act empowers Provincial Governments to make rules regarding hazardous operations ; to prohibit or restrict the employment of women, adolescents or children in hazardous occupations ; to exclude, from factory premises, children who cannot be lawfully employed there, and to control and require a prescribed standard of humidification within the factories.

The most notable features of the Factories Act of 1934 are that it authorises Provincial Governments to make rules to require a factory where more than 150 persons are ordinarily working, to provide adequate rest shelters, and factories where more than 50 women are employed, to provide creches for their children, below 6, and to require every factory to keep first-aid medical appliances and stores under proper custody.

(*vii*) The Act provides by way of penalty of a fine, which may extend to Rs. 500, for the contravention of the major provisions of the Act and contains enhanced penalty in cases where repeated breach of the same provisions is committed by the managers or the occupiers of the factory.

(*viii*) The Act is administered by Provincial Governments who are authorised to appoint such persons as they think fit, to act as Inspectors for the purposes of the Act, and the Inspectors are given adequate powers to secure the enforcement of the Act.

The Provincial Governments also can appoint such registered medical practitioners as they think fit, to act as Certifying Surgeons for the purposes of the Act.

The protection given by the Factories Act of 1934 to children (persons between the age of 12 and 15) was further reinforced by the provisions of the Children (Pledging of Labour) Act of 1933; the Employment of Children Act of 1938; the Employment of Children (Amendment) Act of 1939 and the Factories (Amendment) Act of 1940.

(1) The Children (Pledging of Labour) Act of 1933.

The Act is designed to stop the malpractice of pledging of labour of young children by their parents to employers, which was found by the Royal Commission on Labour in India to prevail in some industrial centres. The Act applies to 'children' who are defined as persons below the age of 15. The Act lays down that any agreement to pledge the labour of a child, written or oral, expressed or implied, by the parent, in return for any payment or benefit from the employer will be null and void. A parent who knowingly pledges the labour of his child, is liable to be punished by a fine which may extend to Rs. 50. A person who knowingly enters into agreement with a parent, or an employer who knowingly employs a child, is liable to be punished by a fine which may extend to Rs. 200.

(2) The Employment of Children Act of 1938.

The object of the Act is to raise the minimum age of children employed in the handling of goods on railways and at ports, to 15 years. The Act lays down that no child, who has not completed his 15th year, shall be employed in any occupation connected with the transport of passengers, goods or mails, by railway, or the handling of goods within the limits of any port. The employment of children below 15 in these occupations is made an offence punishable by a fine which may extend to Rs. 500.

(3) The Employment of Children (Amendment) Act of 1939.

The object of the Act is to raise the minimum age of children employed in the occupations specified in the Schedule, to 12 years of age. In addition to the provisions of the Employment of Children Act of 1938, it prescribes that no child, who has not completed his 12th year, shall be employed in any of the occupations mentioned in the Schedule. The Schedule contains the following processes : (1) bidi-making ; (2) carpet-making ; (3) cement manufacture (bagging of cement) ; (4) cloth printing, dyeing and weaving ; (5) manufacture of matches, explosives and fireworks ; (6) mica cutting and splitting ; (7) shellac manufacture ; (8) soap manufacture ; (9) tanning and (10) wool cleaning.

(4) The Factories (Amendment) Act of 1940.*

The object of the Act is to make it a statutory obligation (permissible under section 5 (1) of the 1934 Act) on the part of Provincial Governments to extend the provisions regarding health, safety and hours and conditions of work relating to children and adolescents in the Factories

* A further Factories Amendment Act (Act No. XVI of 1941) was passed which authorises the Provincial Governments to use their powers under Section 5(1) of the Factories Act, 1934 to apply once and for all to the classes of factories covered by that Section.

Act of 1934, to all small factories which employ 10 or more persons and use mechanical power. Provincial Governments are further empowered to declare any premises to be a small factory, notwithstanding that less than 10 persons are working in the said premises.

The provisions of the Factories Act of 1934 apply mainly to manufacturing establishments which employ 20 or more persons and use mechanical power. Use has also been made by many Provincial Governments of the powers conferred on them under section 5 (1) of the Factories Act of 1934, to extend its provisions to manufacturing establishments employing 10 or more persons and working with or without the aid of mechanical power.

According to the latest available statistics, the total number of factories registered under the Factories Act of 1934 was 11,630, in 1939. The number of factories actually working, including 1,765 factories notified under section 5 (1) of the Act, was 10,466, of which 6,943 were perennial and 3,523 seasonal. The average number of operatives employed during the same year was 17,51,137.

The total number of factories registered and of the persons employed is quite impressive. But, it is common knowledge that, while the term "factory", as defined under the Act of 1934, excluded a number of small establishments, which employ a large proportion of industrially-occupied persons in India, large areas of economic life were outside the pale of statutory regulation of hours and conditions of work, till recent years. Of these, the most important were shops, commercial establishments, building trades and docks. Recently, attempts have been made by some Provincial Governments to bring these sectors of industrial life within the minimum framework of regulation regarding hours and conditions of work. The Government of the Central Provinces and Berar made the pioneer attempt to extend the principle of regulation to small unregulated workshops which were not covered by the definition of the term "factory", under the Factories Act of 1934. The Government of Bombay led the way in regulating the hours and conditions of work of persons

employed in shops and commercial establishments, and it was followed by similar Acts in Punjab, Bengal, Sind, Assam (Bill, 1941) U.P. (Bill 1938) and the Central Government.

(I) The C. P. Unregulated Factories Act of 1937.

The object of the Act is to extend the principle of regulation of hours of work and conditions of employment of women and children to small workshops not covered by the Factories Act of 1934. The main provisions of the Act are as follows :—

(1) The Act applies to any small workshop wherein 50 or more workers are employed and to which the Factories Act of 1934 does not apply and wherein the following industries are carried on : (*i*) bidi-making, (*ii*) shellac manufacture and (*iii*) leather tanning. The local government is empowered to extend, by notification, the provisions of the Act to other classes of unregulated factories in which a manufacturing process is carried, wherein 25 or more workers are employed and to which the Factories Act of 1934 does not apply.

(2) The hours of work of men are limited to 10 a day, with a rest interval of half an hour at the end of 5 hours' work. Weekly holidays are also provided for.

A child is defined as a person between the age of 10 and 14, and no " child " is allowed to work in an unregulated factory unless he secures a certificate of fitness and carries a token with him, giving a reference to such certificate, while at work. A 7-hour day, with half an hour's rest interval and a compulsory weekly holiday are prescribed for children. The night employment of children is prohibited, by requiring that the hours of work of children must fall between 8 a.m. and 12 noon, and 1 p.m. and 5 p.m.

In the case of women, the Act prescribes a 9-hour day, with rest intervals of half an hour, compulsory weekly

holidays and prohibits the employment of women at night.

(3) The Act contains provisions similar to those in the Factories Act of 1934, to ensure a prescribed standard of cleanliness, ventilation, regulation of overcrowding, lighting arrangements, adequate provision of sanitary arrangements, drinking water and safety of buildings, within the unregulated factories. It empowers local governments to appoint Inspectors, to enforce the Act, and Certifying Surgeons to certify the fitness of the children who are allowed to work in the factories.

(4) The Act prescribes a standard penalty of a fine, which may extend to Rs. 200, for contravention of its major provisions, and smaller fines for minor offences under the Act.

(ii) 'Shopworkers' Legislation.'

Although Indian industrial workers had their hours of work and conditions of employment regulated for a fairly long period, shop-assistants and commercial employees did not enjoy protection of such legislation till recent years. The Bombay Shops and Commercial Establishments Act, 1939, was the first enactment of its kind which was designed to regulate the hours and conditions of work of persons employed in shops, commercial establishments, restaurants, eating-places and other places of entertainment. It was followed by the Punjab Trade Employees Act, 1940 ; the Sind Shops and Establishments Act, 1940 ; the Bengal Shops and Establishments Act, 1940, and the Weekly Holidays Act, 1941, passed by the Government of India. The U.P. Government introduced a Bill entitled the "United Provinces Shops Bill" in the U.P. Legislature, in 1938, but, due to the resignation of the ministry, they have not proceeded further with the legislation. The Assam Government have under consideration a Bill entitled "The Assam Shop Assistants Relief Bill, 1941," which is yet in the preliminary stage. The following table gives the main features of the legislation, regulating the hours and conditions of work in shops and commercial establishments :—

(Source : The Proceedings of the Second Conference of Labour Ministers, held at New Delhi on the 27th and 28th January 1941, p. 32).

Statement of existing or suggested legislation regulating the hours of work, etc. in shops and other commercial establishments.

Name of Act or Bill.	Class of establishment to which applicable.	Hours of work.	Daily spread-over of periods of work.	Paid Weekly Holi-days.	Wages for overtime work.	Other Provisions.
1. The Bombay Shops and Establishment Act, 1939.	Shops ..	9½ per day.	12 hours.	1	1½ time the ordinary rate.	(1) Prohibits the employment of children below.
	Commercial establishments.	208 per month.	12 hours.	1	..	(2) Prescribes the opening and closing hours for shops, etc.
	Restaurants, eating houses, theatres, places of public amusement and entertainment.	10 per day.	14 hours.	1	..	(3) Fixes the hours of work for young persons at 8 per day and 42 per week. Young persons to work between 6 a.m. and 7 p.m. only.
						(4) The administration of the Act is entrusted to Local Authorities.

2. Punjab Trade Employees Act, 1940.	Shops, Commercial establishments, including theatres, cinemas, and places of public entertainment.	10 per day and 54 per week, exclusive of any interval for rest or meals.	7 a.m. to 10 p.m. (Summer) 8-30 a.m. to 9 p.m. (Winter).	1	2 times the ordinary rate.	(1) Employment of children under 14 is prohibited. (2) All establishments to be closed on "Close days." (3) Wages to be paid at the end of a fortnight. (4) Fines not to exceed one pice per rupee. (5) Notice of dismissal to be one month or one month's pay in lieu. (6) 14 days' leave with full pay for one year's continuous service and 7 days for that of six months. (7) One hour's interval. (8) The administration of the Act is entrusted to the Provincial Government.

Name of Act or Bill.	Class of establishment to which applicable.	Hours of work.	Daily spread-over of periods of work.	Paid Weekly Holidays.	Wages for overtime work.	Other Provisions.
3. The Bengal Shops and Establishments Act, 1940.	Shops ..	10 hrs. per day or 56 per week.	12 hours.	1½	1½	(1) Wages shall be payable within 10 days of the expiry of the month for which payable. (2) Privilege leave on full pay for 14 days after every twelve months continuous service and casual leave on half pay for 10 days in every year. Privilege leave to be accumulated upto 28 days. (3) Overtime work permitted up to the limit of 120 hours in one year. (4) The Provincial Government may suspend the operation of all or any of the provisions of the Act in respect of any shop or establishment or class of shop or establishment for such period and subject to such conditions as it thinks fit. (5) The choice of the day on which shops, etc., are to remain closed is left to the shopkeeper. (6) The administration of the Act is entrusted to the Provincial Government.
	Commercial establishments.		..	1½	..	
	Establishments for public entertainment or amusement.	10 hrs. per day.	14 hours.	1½	1½	

4. The Sind Shops and Establishments Bill, 1940.	Shops .. Commercial establishments. Restaurants, eating houses, theatres or other places of public amusement and entertainment.	9½ per day. 54 hours per week. 10 hours per day.	12 hours. 12 hours. 14 hours.	1 1 1	1½ 1½ 1½	(1) Except newspapers, sale of goods prohibited in a street or public place after 9 p.m. (2) Prohibits the employment of children under 12. (3) Fixes the hours of work for young persons at 8 a day and 42 a week. Young persons to work between 6 a.m. and 7 p.m. (4) Paid leave at the rate of 30 days for every 11 months' service. (5) Provincial Governments to prescribe the opening and closing hours. (6) Overtime work permitted upto the limit of 120 hours in one year. (7) Local authorities to appoint Inspectors and to enforce the Act. (8) The administration of the Act is entrusted to Local Authorities.

Name of Act or Bill.	Class of establishment to which applicable.	Hours of work.	Daily spread-over of periods of work.	Paid Weekly Holi-days.	Wages for overtime work.	Other Provisions.
5. The Weekly Holidays Bill (Central Government)	Shops, Commercial establishments, Restaurants and Theatres.	....	..	1	..	(1) Provides for the grant of an additional half holiday at the discretion of the Provincial Government. (2) Provides for the appointment of Inspectors by Provincial Governments. (3) The Provincial Governments may exempt any establishment from any or all the provisions of the Act, and may on special occasions suspend the operation of the Act for a specified period. (4) Act to be applied to specified areas by notification by Provincial Governments.

6. The U. P. Shops Bill, 1938.	Shops	..	9 hours per day including rest interval.	9 hours.	1	..	(1) Children under 14 prohibited from work. (2) Wage period must be a fortnight and wages must be paid within a week after they are due. (3) No employee can be discharged without a month's notice. (4) The administration of the Act is entrusted to the Provincial Government.
7. Assam Shop Assistants Bill, 1941.	....		....	..	..	..	....

The purpose of the Bombay Act is a limited one. It regulates the maximum daily hours of work, the total daily spread-over of hours, compulsory rest intervals and weekly holidays, the rate of over-time pay, the minimum age of children and their hours and conditions of work. It applies to shops, commercial establishments, restaurants, theatres, etc. The administration of the Act is entrusted to the local authorities who are empowered to appoint necessary inspecting staff and to bear its cost.

Besides regulating the hours and conditions of work of adult employees and children working in shops and commercial establishments, the Punjab Act contains the following special features :—

(1) It regulates the payment of wages, by requiring every employer to pay the employee his wages at the end of each fortnight. No fine can be imposed by the employer on any employee, which will exceed 1 pice per rupee of the employee's monthly wages.

(2) The Act provides for the grant of privilege leave of 14 days, with full pay, and 7 days, with full pay, for a continuous service of one year and half-year, respectively.

(3) The Act imposes an obligation on the employer not to dismiss an employee without sufficient cause and without giving one month's notice or one month's pay in lieu thereof. No employee also can quit his service without giving one month's previous notice to the employer.

(4) Unlike the Bombay Act, the enforcement of the Punjab Act is entrusted to the Provincial Government.

The Bengal Act closely follows the Punjab Act in regulation of the hours and conditions of work, payment of wages and grant of privilege leave to the employees in shops, commercial establishments and places of public entertainment. The special feature of the Bengal Act is that, besides prescribing a paid-privilege leave of 14 days for 12 months' continuous service, it provides for casual leave on half pay for 10 days in every year and makes possible the accumulation of privilege leave up to 28 days.

It also provides for the grant of 1½ days leave each week to the commercial employees. The Provincial Government is responsible for the administration of the Act.

The Sind Act is closely modelled on the basis of the Bombay Act. But, it differs from the Bombay Act in that it makes provision for the grant of paid-leave at the rate of 30 days for every 11 months' service.

The U.P. Shops Bill, which was under contemplation of the U.P. Government in 1938, contained the following provisions :—

(1) Children under 14 years of age are prohibited from employment.

(2) The daily hours of work, including rest interval, is limited to 9 a day.

(3) All shops, barring exceptions, must be closed for one day in every week.

(4) Shops must also be closed on public holidays, and for all such holidays pay must be given to the employees.

(5) Wages must be paid fortnightly and within a week after they are due.

(6) No employee can be discharged without a month's previous notice.

(iii) ' Mine-Workers' Legislation.'

The first Indian Mines Act was passed in 1901. It applied to all excavations, which were 20 feet deep and undertaken in search of minerals. It provided for the appointment of an inspecting staff and authorised the Chief Inspector to prohibit the employment of a child (who was defined as a person below the age of 12) from dangerous mines. Breaches of provisions of the Act were punishable by a fine of Rs. 500 or imprisonment up to three months, or both. The first attempt to regulate the hours of work in Indian Mines was made by the Indian Mines Act of 1923. The Act modified the definition of the term " mine " to include any excavation irrespective of depth for obtaining minerals. Hours of work over-ground and under-

ground were limited to 60 hours and 54 hours a week, respectively. The Act also prescribed a compulsory weekly holiday for all miners. The minimum age of children was raised to 13 and no child was allowed to be employed in a mine. It also empowered the Central Government to set up a Court of Inquiry or Committee to decide or report on any matter referred to them.

The Indian Mines (Amendment) Act of 1928 introduced a 'daily limit' on the hours of work of miners in India. Hours of work were limited to 54 hours a week or 12 a day, and 60 hours a week or 12 hours a day for under-ground and over-ground work, respectively.

The hours and working conditions in the Mines in India are at present regulated by the Indian Mines (Amendment) Act of 1935 (as amended up to date). The main provisions of the Act are as follows :—

(1) The Act applies to all "mines", which are defined as "any excavation where operation for the purpose of searching or obtaining mineral is carried on."

(2) No adult male worker can work for more than 54 hours a week or 10 hours a day over-ground and for 9 hours a day under-ground. The hours of work under-ground are applicable to relays and not individual workers, and are counted from the moment the first worker leaves the surface until the moment when the last worker returns to the surface, so that, excluding the journey to and from the surface, the actual hours of work under-ground are likely to be nearer 8 hours a day than 9 hours a day.

The hours of work of women working in mines are the same as those prescribed for adult male workers. The regulations, issued on 7th March, 1929, under the Indian Mines Act, 1923, prohibited the under-ground employment of women in mines. This provision became fully operative in respect of all mines, from 1st July, 1939.*

---

* The fall in coal output, due to amongst other reasons shortage of Labour, has necessitated temporary relaxation of this provision of prohibiting women from under-ground work since December 1943.

A child is defined as " a person below the age of 15 years ", and the employment of children in mines is prohibited. Persons between the age of 15 and 17 are treated as " young persons." No persons between 15 and 17 is allowed to work as adult in a mine unless he secures a certificate of fitness from the recognised medical authorities and bears a token of such certificate on his person, while at work.

(3) The manager or agent in charge of a mine is required to keep a record of all accidents which incapacitate a miner from doing work for a period exceeding 48 hours, in the prescribed register and to report to the Chief Inspector such accidents as result in loss of life or serious bodily injury.

(4) The person in charge is required to keep adequate supply of drinking water and to make provision for sanitary arrangements in every mine. Mines, in respect of which the Central Government issue a notification, are required to keep first-aid medical appliances, stores, stretchers, etc., ready at hand.

(5) The administration of the Act is entrusted to the Central Government who are to appoint their Chief Inspector of Mines and other inspecting staff. They are also authorised to appoint Courts of Inquiry to investigate cases of accidents in mines and to publish the report of such inquiries.

(6) The Mines Act, 1923, authorised the Central Government to set up Mining Boards or Mining Committees to investigate and decide any matter referred to them. Under the Indian Mines (Amendment) Act, 1935, miners are given two representatives on the Mining Board, and the Central Government is required to nominate the miners' representatives in consultation with the miners' Trade Unions in the prescribed manner.

(7) A penalty of a fine of Rs. 500 is prescribed for contravention of the major provisions of the Act, and smaller amounts of fine for minor breaches.†

† A special fund for the welfare of miners has been created by an ordinance issued in January 1944 which authorises the levy of a cess on production for raising money for the purpose.

(iv) Plantation-workers' Legislation.

The early acts, which regulated conditions of employment of Plantation Labour, such as the Workmen's Breach of Contract Act, 1859, The Employers and Workmen's (Disputes) Act, 1860, and the Provisions of the Indian Penal Code, 1860, were mainly intended to help the plantation-owners, by making it a penal offence for a worker to break the contract of service. These penal clauses were considered as obnoxious, as early as the beginning of the present century, but their removal from the Statute Book had to wait till the passing of the Central Government Act, 1925, which repealed the Workmen's Breach of Contract Act, 1859, and the two relevant clauses of the Indian Penal Code. The Madras Planters' Labour Act, 1903, and the Coorg Labour Act, 1926, contained similar penal clauses. The Madras Act of 1903 was repealed in 1927 while the Coorg Act expired on 1st April 1926. The first enactment, which gave some degree of protection to Plantation Labour, was passed in 1901. The Assam Labour and Emigration Act, 1901, empowered the local government to close any area for recruitment, except through licensed recruiters and tea-garden sirdars. The Act of 1908, which followed, prohibited the employment of tea plantation labour through unlicensed contractors and abolished the right of arrest of workers by plantation-owners. The 1915 Assam Labour Emigration (Amendment) Act went further and abolished the system of indentured labour in Assam Valley and created the Assam Labour Board to supervise recruitment by tea-garden sirdars. The conditions of work and the system of recruitment of Indian Plantation Labour are at present regulated by Tea Districts Emigrant Labour Act, 1932. The object of the Act is to regularise the conditions of recruitment of Plantation Labour in the tea-gardens in Assam. The main provisions of the Act are as follows :—

(1) The Central Government is authorised to appoint a Controller of Emigrant Labour and to levy a cess on recruitment to defray the expenses of the Controller and his staff.

(2) The local* government of a recruiting province is empowered to declare any area as " a controlled emigration area " and in such area any assisted emigrant worker cannot proceed to a tea-estate except through the licensed forwarding agent, who is required to make proper arrangement regarding food and accommodation at the forwarding Depot and during the journey from the Depot to the tea estate.

* Local governments are also authorised to declare any area as " a restricted recruitment area " and in such area recruitment through any agencies other than a licensed recruiter or a tea-garden sirdar holding a certificate from the employing interest, is made illegal. Any person who proceeds to the Assam Tea Estate for work otherwise than in accordance with the provisions of the Act or any person who abets him in so doing, is punishable with imprisonment which may extend to six months or a fine which may extend to Rs. 500, or with both.

(3) Every individual worker who migrates to the tea-gardens is entitled to repatriation to his own place at the employer's expense, after completion of three years' service in the plantation. The family of a deceased worker enjoys similar rights. The individual worker is also given the right to repatriation earlier than the completion of three years' service under certain circumstances.

(4) No child below 16 is allowed to be assisted to migrate to a tea-estate unless he is accompanied by his parents.

(5) The Controller of Migrant Labour and the inspecting staff are entrusted with the duty of enforcing the provisions of the Act and to safeguard the rights and interests of Emigrant Labour during their stay on the tea-estate and during journey to and from the estate to their homes.

(v) Transport-workers' Legislation.

No comprehensive legislation is yet passed in India to regulate the hours and conditions of work of persons engaged in transport services like Railways and Ports, and

* These powers have passed to the Central Government under the new constitution.

organised Road transport services, but some degree of protection is provided to such workers by enactments like the Indian Railways (Amendment) Act, 1930; The Railway Servants' Hours of Employment Rules, 1931; The Indian Ports (Amendment) Act, 1931 and the Indian Dock Labourers Act, 1934.

(I) The Indian Railways (Amendment) Act, 1930.

Persons engaged in railway workshops are covered by the provisions of the Factories Act, 1934. The object of the Indian Railways (Amendment) Act, 1930, is to regulate the hours of work of persons working on railways, whose services are not of an intermittent nature. The main provisions of the Act are as follows :—

(1) The hours of work of persons, whose work is not of an intermittent nature, are limited to 60 hours a week.

(2) The hours of work of Railways servants, whose work is essentially intermittent, are limited to 84 hours a week.

(3) Provision is made to give exemptions to exceed the maximum hours of work during an emergency, and hours worked in excess of the statutory maximum are to be paid at 1½ the normal rate.

(4) A compulsory weekly rest-day is provided for railway servants whose work is not intermittent.

(II) The Indian Railway Servants' Hours of Employment Rules, 1931.

This Act makes further provision for the limitation of hours of work and grant of periodical rest of certain classes of railway servants, excluding those who are engaged on the running staff or Watch and Ward duty or in confidential capacity as Supervisors or Managers, and persons covered by the provisions of the Factories and/or Mines Act.

(III) The Indian Ports (Amendment) Act, 1931.

No specific enactment is yet in force to regulate the hours of work of persons engaged in the Docks, but, in practice, the hours of work followed in most of the ports are approximately 9 hours a day. The Indian Ports (Amendment) Act, 1931, prescribes a minimum age of 12 for children and prohibits employment of children below 12 in the handling of goods in any Port. This minimum age limit has now been raised to 15 by the Employment of Children Act, 1938.

(IV) The Indian Dock Labourers Act, 1934.

The object of the Act is to make provision for ensuring safety of persons engaged in work at the docks. It contains an extensive code of regulations providing for the safe maintenance of approaches over wharves, docks or quays and of the means of access to ships lying at wharves or quays used by the workers, for the rendering of first-aid in cases of accidents, and for testing all lifting-machinery, etc.

Apart from the enactments regulating the hours and conditions of work in factories, mines and railways, two important pieces of legislation which give further protection to Labour and which can be conveniently dealt with under this classification, are: The Workmen's Compensation (Amendment) Act of 1933 (as amended up-to-date) and the Payment of Wages Act of 1936 (as amended up-to-date).

(I) The Workmen's Compensation (Amendment) Act of 1933.

The Workmen's Compensation Act, 1923, was the first piece of Social Insurance Legislation in India. Its object was to impose an obligation on the employer to pay compensation to any worker who sustained a bodily injury resulting in disablement or death, or who contracted one of the occupational diseases mentioned in the schedule to the Act, during the course of his work. The Act of 1923 was amended in some minor respects in 1926 and 1929.

While retaining the major portion of the Act of 1923, the Amending Act of 1933 increased the scale of compensation and reduced the waiting period from 10 to 7 days. The manner and the scale of compensation to injured workmen are at present regulated by the Workmen's Compensation (Amendment) Act, 1933, as further modified up-to-date. The main provisions of the Act are as follows :—

(1) The Act applies to all manual workers whose monthly earnings do not exceed Rs. 300 and who are employed in factories, mines, railways, ports, building-trade and a number of other occupations specified under the Act.

(2) Every employer is required to pay compensation, according to the scales prescribed under the Act, to any worker who sustains a bodily injury which results in partial disablement, complete disablement or death, or who contracts occupational diseases arising out of and in course of his employment. A workman who sustains an injury or contracts a disease, has to wait for a period of 7 days after which he is entitled to claim compensation from his employer for the loss sustained by him.

(3) The amount of compensation payable to an individual worker is co-related to the level of his wages, on the one hand, and the nature of injury sustained by him, on the other. An injured worker or his dependents are entitled to receive compensation according to the prescribed scale after the lapse of 7 days. The amount of compensation payable in respect of the lowest paid worker varies from a minimum of Rs. 500 for death, Rs. 700 for total disablement and half the monthly wages for temporary disablement, to a maximum, in respect of persons earning over Rs. 200 per mensem, of Rs. 4,000 for death, Rs. 5,600 for permanent disablement and Rs. 30 per mensem for temporary disablement. The compensation in respect of a minor* is Rs. 200 for death, Rs. 1,200 for permanent disablement and half the wages, or a maximum of Rs. 30 per mensem, for temporary disablement. The following schedule to the Act gives the scale of compensation available under the Act :—

---

* A person between the age of 12 and 15.

Amount of Compensation for :—				
Monthly wages of the workman injured.		Death of Adult.	Permanent total Disablement of Adult.	Half-monthly payment as compensation for temporary Disablement of Adult.
1		2	3	4
More than	But not more than			
Rs.	Rs.	Rs.	Rs.	Rs. a.
0	10	500	700	Half his monthly wages
10	15	550	770	5 0
15	18	600	840	6 0
18	21	630	882	7 0
21	24	720	1,008	8 0
24	27	810	1,134	8 8
27	30	900	1,260	9 0
30	35	1,050	1,470	9 8
35	40	1,200	1,680	10 0
40	45	1,350	1,890	11 4
45	50	1,500	2,100	12 8
50	60	1,800	2,520	15 0
60	70	2,100	2,940	17 8
70	80	2,400	3,360	20 0
80	100	3,000	4,200	25 0
100	200	3,500	4,900	30 0
200	..	4,000	5,600	30 0

(4) The administration of the Act is entrusted to Provincial Commissioners for Workmen's Compensation appointed by Provincial Governments. In case of fatal accidents, the Commissioner, on receipt of information, can require the employer concerned to submit, within 30 days, a statement of the case and to say whether he accepts the liability for compensation. If the employer accepts, he is to deposit the due sum with the Commissioner. The Commissioner is authorised to make an advance to the dependents of the worker a sum not exceeding Rs. 25 for his funeral expenses. In case the employer refuses the liability, the Commissioner is authorised to intimate to the dependents that it is open to them to submit a claim for compensation. The Commissioner is further authorised to investigate into and to decide the case.

(5) Any contract privately arrived between an employer and the worker with regard to the amount of the compensation is declared to be null and void unless the contract in question is submitted for registration to the Commissioner. He is authorised to register the agreement after satisfying himself that it is not obtained by fraud, undue influence or other improper means.

(6) Every employer is required to report all fatal accidents to the Commissioner or to any other authority constituted by the Provincial Governments for the said purpose.

The Amending Act of 1937 extended the application of the Workmen's Compensation Act to persons handling goods in substantial warehouses.

The Act was further amended in 1939 in two respects. The first amendment related to sections 5 and 15 of the Act. It clarified the meaning of the term "minimum wages", and also eliminated the possibility of double payment of compensation under Workmen's Compensation Act and the Personal Injuries (Emergency Provisions) Act of 1939, which was intended to pay compensation in respect of personal injuries to seamen. The second amendment provided that failure to give notice or commence proceedings within the time-limit required by the Act shall

not be a bar to the maintenance of the proceedings, provided that the Commissioner is satisfied that an application was made in the reasonable belief that the injury was such that a payment could be made under the said Act and the Provincial Government certifies that the application was rejected.*

(2) The Payment of Wages Act, 1936 (as modified up-to-date).

The object of the Payment of Wages Act, 1936 (as modified up-to-date) is to prevent delay in the payment of wages, to prescribe permissible deductions from monthly wages and to regulate fining of industrial workers. The main provisions of the Act are as follows :—

(1) The Act is applicable to factories and railways and covers all employees drawing less than Rs. 200 per mensem. Factories or railways employing less than 1000 workers and those employing more than 1000 workers are required to pay the workers' wages within a period of 7 days and 10 days, respectively, after the end of the wage period. The wages of a dismissed worker are to be paid not later than the second day of his discharge. Wages have to be paid on a working day and no wage-period can exceed one month. Payment of wages in kind is also prohibited.

(2) Deductions from monthly wages of a worker other than those mentioned in the Act are regarded as illegal. The permissible deductions from wages include fines, and deductions for absence from duty, damage to or loss of goods, recovery of advances, house-rent, income-tax payment, provident-fund contributions, court dues, co-operative societies' dues and any other amenities provided by the employer to the worker.

(3) The fining of workers, as a method of ensuring discipline, is regulated in the following manner :

---

* Provision has been made for payment of special compensation for war injuries suffered while at work, by the ' War Injuries Compensation Act, 1943.'

(*i*) The fining of children is prohibited.

(*ii*) The amount of fines is not to be recovered by instalments or after the expiry of 60 days from the date on which a fine was imposed.

(*iii*) The maximum amount deducted as fines, is not to exceed , in any month, half an anna in the rupee of the worker's earnings.

(*iv*) The sums received from the fines are to be credited to a purpose beneficial to the employees, as a whole, and approved by the recognised authority.

(*v*) Employers are required to post notices, specifying the acts of omission in respect of which fines are imposed. Fines for acts of omission not so specified are deemed illegal.

(4) The Act embodies severe punishments for contravention of its various provisions. Employers delaying payment beyond the time-limit prescribed in the Act are liable to be punished by a fine up to Rs. 500, and an employer imposing an illegal fine is required to pay a compensation ten times the amount of the fine of the worker. A worker lodging a false and mischievous complaint against the employer is liable to be punished by a fine of Rs. 50.

(5) The enforcement of the Act is entrusted to the Inspector of Factories appointed under the Factories Act of 1934, and the Provincial Governments are authorised to appoint Inspectors to supervise the application of the Act to persons employed on railways.

(III) Legislation relating to the industrial disputes and the maintenance of peace in industrial life.

The second aspect of the industrial life which was brought within the compass of legislation related to the prevention of industrial disputes and maintenance of peace in industry. Strikes, as a weapon of industrial warfare, are largely a phenomenon of Post-War (Great War of 1914-1918) years in India. During the inter-war

years consciousness of their collective strength, which was born of their experience during the Great War, led the Indian working-classes to resort to strikes more frequently with a view to redressing their grievances and improving their condition of life. Industrial life in Bombay and other textile centres was severely disturbed by large-scale strikes in the Post-War Boom years and particularly the years between 1927 and 1929. The recurrence of strikes in important industrial centres and the resulting losses to Industry, Labour and national output brought into prominence the question of the necessity of providing a machinery for ensuring industrial peace which was vital for the progress of industry as well as the well-being of the worker. This led to the passing of the first Trade Disputes Act in 1929.

(I) The Trade Disputes Act, 1929.

The object of the Trade Disputes Act of 1929 is to provide a conciliation machinery to bring about peaceful settlement of industrial disputes, to render lightening strikes in public utility concerns a punishable offence and general and political strikes illegal. The Act is modelled on the British Trade Disputes and Trade Unions Act of 1927. The main features of the Act are as follows :—

(*i*) It authorises the Central or the Provincial Governments to appoint a Board of Conciliation or a Court of Inquiry to investigate and settle a dispute when " it arises or is apprehended." The Government are also empowered to publish the report of such inquiries.

(*ii*) In the case of the public utility services—which cover railways ; water transport service ; tramway service ; postal, telegraph and telephone service ; power, light or water-supplying services, or any system of public conservancy or sanitation—any strike on the part of the workers or lock-out on the part of the employers, without giving 14 days' notice, in writing, of their intention to strike or to lock-out, to the party concerned, is declared illegal. The workers resorting to such illegal strikes are punishable by one month's imprisonment or a fine of Rs. 50, or both, and

an employer resorting to such illegal lock-outs is punishable by one month's imprisonment or a fine which may extend to Rs. 1,000, or both. The employer is also required to report to Government the receipt of the notice of his employees to go on strike, within 5 days, and failure to do so renders him punishable by a fine which may extend to Rs. 500.

(*iii*) Strikes of a general nature, which have an object other than the furtherance of a trade dispute (political and general strikes) or which are designed to inflict severe and prolonged hardship on the community, are made illegal. Any attempt to incite other workers to resort to such illegal strikes is held an offence punishable by 3 months' imprisonment or a fine of Rs. 200, or both. Workers who refuse to participate in illegal strikes, at the instigation of their fellow-workers, are given protection of law regarding their normal Trade Union rights.

(*iv*) The Act authorises the Central Government to appoint Conciliation officers, with the duty of mediating in or promoting the settlement of trade disputes.

(2) The Bombay Trade Disputes Conciliation Act, 1934.

An advance over the Trade Disputes Act, 1929, was made by the Bombay Trade Disputes Conciliation Act, 1934. The main features of the Act were as follows :—

(*i*) The Act authorised the Provincial Government to appoint the Commissioner of Labour as the Chief Conciliator and provided for the appointment of Special Conciliators and Assistant Conciliators, as and if required. Conciliators were empowered, on application or their own initiative, to institute conciliation proceedings. They had the power to enforce attendance and require the representation of the interests concerned. The conciliation proceedings were aimed at bringing about a purely voluntary settlement of the dispute in question. If an agreement was reached, the Conciliator was to report the settlement to the Government, and, in case of failure, he was to report the facts and circumstances relating to the dispute and the reasons which resulted in the failure of the settlement.

(*ii*) An important feature of the Act was that it provided for the appointment of a Labour Officer to watch the interests of the workers with a view to promote harmonious relations between employers and workers and to take steps to represent their grievances to employers for the purpose of obtaining their redress. The Labour Officer could act as a delegate on behalf of the workers in a dispute if they failed to appoint their own delegate. In other words, the Act provided an official agency to represent the view-point and to safeguard the interests of workers in an industrial dispute.

The Act was repealed by the Bombay Industrial Disputes Act, 1938.

(3) The Bombay Industrial Disputes Act, 1938.

The Government of Bombay made a radical departure from the previous legislation on the subject of Industrial Disputes, in passing the Bombay Industrial Disputes Act, 1938. The main object of the Act is to provide an elaborate machinery for conciliation and settlement of industrial disputes ; to stabilise the conditions of employment in the organised industries in the Province and to provide a method of peaceful change in the conditions of employment and to render strikes without notice to the parties concerned and without making full use of the conciliation machinery set up under the Act illegal. In other words, it extends the principle underlying the Trade Disputes Act of 1929—that strikes without due notice, in public utility concerns, are illegal—to industrial disputes and strikes in general.[1] The main features of the Act are as follows :—

(1) It provides an elaborate machinery for the settlement of disputes by conciliation or by voluntary arbitration. The machinery consists of the following :

The Commissioner of Labour is the Chief Conciliator and the Provincial Government can appoint Conciliators or Special Conciliators to deal with particular areas or

[1] See foot-note (3) on page 113.

disputes. If a dispute cannot be settled by a Conciliator, the Government have powers to appoint a Board of Conciliation. The Act also provides that where both parties to a dispute agree, in writing, the said dispute may be submitted to any person acceptable to the parties as an Arbitrator for the purpose of arbitration of the dispute. In certain cases, the dispute can also be referred to the Industrial Court of Arbitration. Thus, the Chief Conciliator, Special Conciliators, Board of Conciliation, a voluntarily accepted Arbitrator and the Industrial Court of Arbitration are different agencies which are set up under the Act to investigate and settle industrial disputes in the Province.

(2) The Provincial Government is authorised to appoint a Labour Officer for safeguarding the interests of workers and appearing on their behalf in a dispute where they fail to send a representative.

(3) The Act classifies the important matters which affect the relations between employers and employees, into two Schedules which are specified in the Act. The first Schedule covers the following matters :—

(*i*) Classification of employees, *e.g.* permanent, temporary, apprentices, probationers, badlis, etc.

(*ii*) Manner of notification to employees of periods and hours of work, holidays, pay-days and wage-rates.

(*iii*) Shift working.

(*iv*) Attendance and late coming.

(*v*) Leave and holidays : Conditions, procedure and authority to grant.

(*vi*) Liability to search and entry into premises by certain gates.

(*vii*) Temporary stoppages of work and rights and liabilities of employers and employees arising therefrom.

(*viii*) Termination of employment. Notice to be given by employer and employees.

(*ix*) Suspension or dismissal for misconduct and the acts or omissions which constitute misconduct.

(*x*) Means of redress for employees against unfair treatment or wrongful exaction on the part of the employer or his agent or servant.

The Second Schedule covers the following matters:—

(*i*) Reduction intended to be of permanent or semi-permanent character in the number of persons employed or to be employed not due to *force majeure.*

(*ii*) Demands for permanent or semi-permanent increase in the number of persons employed or to be employed in any department or departments.

(*iii*) Dismissal of any employee except in accordance with law or as provided for in the standing orders framed under section 26 of this Act.

(*iv*) Introduction of rationalisation or other efficiency systems of work.

(*v*) Starting, alteration or discontinuance of shift working otherwise than in accordance with the standing orders.

(*vi*) Withdrawal or granting of recognition to unions of employees.

(*vii*) Withdrawal of any customary concession or privilege or change in usage.

(*viii*) Introduction of new rules of discipline or alteration of existing rules and their interpretation.

(*ix*) Wages and total weekly hours of work.

Within two months of its coming into force, the Act requires employers to submit rules regarding matters in Schedule I to the Commissioner of Labour who is authorised to consider and settle such rules in consultation with all the interests concerned and to send a copy of the rules finally accepted, for registration to the Registrar. These settled rules regarding matters in Schedule I are called "standing orders." Any objection to the "standing orders" by workers is to be reported to the Commissioner of Labour within 15 days after they come into operation.

An appeal lies to the Industrial Court of Arbitration against the decision of the Commissioner of Labour regarding the "standing orders." But, once they are finally settled, they are not liable to be altered for a period of six months. A party proposing any change relating to matters in Schedule I or Schedule II is required to give a notice to the other party and intimate its intention to the Labour Commissioner, Labour Officer, Special Conciliators and so on. If during 15 days from the date of the service of such notice the parties reach an agreement, then, a copy of the agreement is to be submitted to the Commissioner of Labour, Labour Officer and the Registrar for registration. In case the parties fail to reach an agreement, the party proposing the change has to submit a full statement of the case to the Commissioner of Labour within 21 days of the service of the original notice. On receipt of the statement, the Provincial Government is required to put the conciliation machinery in motion and entrust the work of settlement to the Conciliator or the Chief Conciliator or a Board of Conciliation, according to the importance of the dispute in question. The conciliation agency concerned is to investigate and conclude its proceedings within 2 months subject to a maximum period of 4 months. If an agreement is reached, the machinery concerned is to send the agreement for registration and in case of failure, a report is to be sent to the Provincial Government stating the facts and reasons for failure. The Provincial Government is then required to publish the report of the conciliation proceedings, for the information of the public.

(4) Any resort to strike by the workers before the settlement of "standing orders" or before the expiry of 6 months since the settlement or without giving notice of their intention to strike or before the conclusion of the conciliation proceedings, is declared illegal.

A lock-out by the employer before the settlement of "standing orders" or before the expiry of one year since the settlement or without giving notice of a proposed change or before the conclusion of the conciliation proceedings is declared illegal.

(5) Trade Unions which are recognised by Government and are given the right to represent the workers in industrial disputes under the Act are grouped under three types :—

(*i*) Unions which have a membership of not less than 5 per cent. in the total number of employees in an occupation, can apply to the Registrar and be declared as "Qualified Unions."

(*ii*) Unions which have a membership of not less than 5 per cent. of the total number of employees in a trade and have been recognised by the employers or Unions with a membership of 25 per cent. of the total number of employees in an occupation, can apply for registration and be declared as "Registered Unions."

(*iii*) A Union which is a "Registered Union" and has a membership of not less than 25 per cent. of the total number of employees for a period of six months preceding, can be declared by the Registrar as a "Representative Union."

The Registrar has the powers to refuse registration where he is satisfied that the application for registration is not made in the interests of the employees but in the interests of the employers. This is designed to prevent the emergence of "Company Unions." All these three types of Unions are given the right to send workers' representatives in a dispute which concerns a large proportion of their members. The Act requires the employers to deal with the representatives of these various Unions in an industrial dispute. Thus, the Act, though not requiring the compulsory recognition of Unions by employers, achieves one of the important purposes of recognition, by compelling employers to indirectly deal with the Unions as the Worker's representatives in a dispute, in conciliation proceedings.

(6) The Act contains safeguards to prevent the victimisation of a worker by the employer for his legitimate Trade Union activities. No employer can dismiss or reduce any employee because of his Trade Union

activities. Stringent punishments, by way of fines, are provided for the breach of the various provisions of the Act.

The Governments of Madras, U.P. and Bengal had under contemplation draft bills on the lines of the Bombay Industrial Disputes Act, 1938, but no bill has yet been passed into an Act in these Provinces. An important amendment was made to the Bombay Industrial Disputes Act, 1938, through a Governor's Act in May, 1941. The Bombay Industrial Disputes (Amendment) Act, 1941, makes arbitration compulsory in certain cases and the Provincial Government is authorised to refer any dispute to the arbitration of the Industrial Court if it is satisfied that the continuance of any dispute is likely to cause serious or prolonged hardship to a large section of the community, or seriously affect an industry and the prospects and scope for employment in it, or cause a serious outbreak of disorder or a breach of the public peace. The Amending Act has been applied to all industries in the Province of Bombay to which the main Act had been applied.

IV

Legislation Relating to Workers' Organisations and the Workers' Right to Strike.

The third aspect of industrial life which was brought within the compass of legislation related to the workers' right to organise and strike for the defence and furtherance of their own interests. Till the passing of the Indian Trade Union Act, 1926, the workers' associations in India did not enjoy a legally recognised status. The celebrated case of the Buckingham Mill which sued the Madras Labour Union in 1920, for inciting its workers to strike and thus commit a breach of contract, focussed public attention on the necessity of giving legal recognition to workers' right to organise and strike in defence and furtherance of their legitimate interests. This led to the passing of the Indian Trade Unions Act of 1926.

(I) The Indian Trade Unions Act, 1926.

The object of the Act is to give a legal and corporate status to Trade Unions and to invest them with immunity from civil and criminal liability in respect of strikes. The main provisions of the Act are as follows :—

(*i*) Any association of workers can apply for registration to the Registrar of Trade Unions who is required to issue a registration certificate to the said association after satisfying himself that it is organised for legitimate trade union purposes as prescribed in the Act.

(*ii*) The general funds of a Trade Union cannot be spent on other than legitimate Trade Union activities.

(*iii*) A Trade Union can create a separate Political Fund raised from a specific levy on the Trade Union Members for this purpose, for furthering the political activities of the Trade Union workers.

It is also provided that a worker who refuses to pay the special contribution to the Political Fund shall not be deprived of his normal Trade Union rights.

(*iv*) Trade Unions, duly registered under the Act, are invested with immunity from civil or criminal liability in respect of strikes.

(*v*) At least one-half of the total number of office-bearers of a Trade Union are required to be persons actually engaged or employed in the industry with which the Trade Union is connected. This is designed to prevent outsiders from dominating the Trade Union.

(*vi*) Every registered Trade Union has to send an annual statement of its income and expenditure and the assets and liabilities, according to the prescribed form, to the Registrar of Trade Unions. They are also required to intimate all changes of office-bearers during the year, and a copy of the rules of the Trade Union.

The legal status of Trade Unions in India has not been greatly affected or advanced since the passing of the Trade

Union Act of 1926.[1] The Bombay Industrial Trade Disputes Act, however, contains certain provisions which aim at enlarging the freedom of the workers to carry on legitimate Trade Union activities. It also attempts to promote the development of Trade Unions on healthy and sound lines. Thus, it makes victimisation of a worker by employers for his legitimate Trade Union activities an offence punishable by a fine. It seeks to introduce a distinction regarding the standing of Trade Unions in accordance with the proportion which their membership bears to the total number of persons belonging to that particular occupation or industry. The three types of Unions are: the Registered Unions, the Qualified Union and the Representative Union, with whom the employers are required to deal in cases of trade disputes referred to the conciliation machinery created under the Act.

V

Welfare Legislation.

Apart from the provisions regarding sanitation, health and safety contained in the Factories Act and the voluntary efforts made by industrialists and other organisations to promote the welfare of the industrial workers, statutory regulation requiring employers to provide for the welfare of workers was mainly confined to the field of Maternity Benefits. The Bombay Maternity Benefit Act, 1929 (as amended by Act V of 1934) was the first Act which introduced the principle that employers should give to all women-workers, who are employed in factories for a given period, compulsory rest, with pay, for 4 weeks before and 4 weeks after delivery. The Bombay Act was followed by C.P. (1930, as amended by the Act XXVII of 1935); Ajmer-Merwara (1933); Madras (Act VI of 1935); Delhi (1936); U.P. (1938); Bengal (Act IV of 1939); Assam (1940) and the Central Government Mines Maternity Benefit Act (1941) extending Maternity Benefits to women employed in coal-mines.

---

1. A Central Amending Bill conferring powers on the Provincial Government to require employers to give compulsory recognition to representative unions which satisfy certain conditions was introduced in the legislature in November 1943.

The common features of the Maternity Benefits Legislation in most of the Provinces are: that it requires employers to give to all women-workers who have worked in a factory or a mine for a continuous period of 9 months (this qualifying period varies from Act to Act) a compulsory holiday of 4 weeks prior to delivery, on production of a medical certificate, and 4 weeks after delivery. Employers are also required to pay a daily allowance of 8 annas or the average daily earnings of a woman-worker, whichever is less or more (this provision varies from Act to Act) during the said period.

The U.P. Maternity Benefit Act, 1938 and the Central Government Mines Maternity Benefit Act, 1941, go further and provide for the payment of a bonus of Rs. 5 and Rs. 3, respectively, to women-workers who avail of the services of a trained and qualified mid-wife during delivery.

The following table indicates the main features of the Legislation passed by the various Provinces:

Maternity Legislation in Different Provinces.

	Qualifying period.	Maximum period for maternity benefits.	Rate of Maternity benefits.
	Months	Weeks	
1. Bombay	9	8	8 annas a day or average daily wage, whichever is less.
2. Sind			
3. Central Provinces and Berar ..	9	8	do.
4. Ajmer-Merwara ..	12	6	do.
5. Assam (Bill) ..	9	8	do.
6. Madras	9	7	8 annas a day.
7. Delhi	9	8	do.
8. United Provinces.	6	8	8 annas a day or average daily wage, whichever is greater.
9. Bengal	9	8	do.

The Madras Maternity Benefit Act of 1935 and the Bengal Act of 1939 are notable, in that they make the dismissal by an employer of a woman-worker, eligible for Maternity Benefits, with a view to evade the payment, an offence punishable by fine. Thus, the Madras Act provides that no notice of dismissal given without sufficient cause by an employer to a woman-worker within a period of 3 months before her confinement, shall have the effect of depriving her of any maternity benefit to which but for such notice she would have been or would on or before the date of her confinement have become entitled under this Act.

Similarly, the Bengal Act provides that no notice of dismissal given without sufficient cause by an employer to a woman-worker within a period of six months before her delivery shall have the effect of depriving her of any maternity benefit to which but for such notice she may have become entitled under this Act.

VI

Miscellaneous Legislation.

Besides the Legislation described above, the Central and the Provincial Governments have passed special enactments to promote the development of housing for the working population and the regulation and prevention of indebtedness amongst industrial workers. The most important Acts are as follows :—

(I) The Land Acquisition Act of 1933 (Act XVI of 1933).

The purpose of the Act is to enable concerns employing 100 or more workers to secure land at reasonable and fair prices for building workmen's dwelling houses and providing other amenities connected with housing.

(2) Amendment of The Civil Procedure Code, Act IX of 1937.

The Act is designed to afford protection to the workmen with a small fixed income against the attachment of his salary under money-decrees of the Courts of Law. It exempts altogether the salaries of workmen getting not more than Rs. 100 a month, and, in the case of servants of Government, local bodies and railway administrations getting more than Rs. 100 a month, it exempts from attachment the first Rs. 100 and half of the remainder. It further provides that the attachment under one decree of the worker's salary cannot extend beyond a period of 24 months in all and for a maximum period of 36 months. In other words, it limits the time within which a creditor can attach the salary of a worker of small means under the decrees secured by him against the worker.

(3) The Central Provinces Adjustment and Liquidation of Industrial Workers Debt Act, 1936 (Act V of 1936).

The object of the C. P. Act, 1936, is to enable the scaling down the debts of industrial workers receiving not more than Rs. 50 per month. A workman whose debts exceed his assets plus three months' wages, can apply to set the law in motion. Thereafter, the Court investigates his debts and scales down the total debts to his repaying-capacity, applying the principle of damdupat to the aggregate interest allowable in the settlement. His capacity to pay is decided by reference to the worker's wages and the number of dependents on him. The amount of the debts which he may pay, varies from 1/6th to 1/3rd and payments cannot exceed a period over 36 months.

(4) The Bengal Workmen's Protection Act of 1934.

This Act aims at giving protection to the workmen in Calcutta from intimidation and molestation by their creditors. It provides a penalty which may extend to six

months' imprisonment for loitering round any factory, mine, dock or railway station, in a manner or in circumstances indicating that he is so loitering with a view to recover any debt from any workman employed there. The Bengal Workmen's Protection Act, 1934, was modified by a further amending Act in 1940. The Act, as amended, seeks to prevent more effectively the besetting of places where workmen receive their wages, by professional moneylenders, for the purpose of recovering their dues as a first charge and to bring any workman employed by local authority or a public utility service, and seamen, within the protection afforded by law.

(5) The Punjab Relief of Indebtedness Act, 1934, and the amendment of the Civil Procedure Code (Code XXIX of 1926) give additional protection to indebted workers by abolishing imprisonment for failure to repay debt. The Punjab Act (VII of 1934) abolishes imprisonment of a judgment-debtor for failure to repay a debt, except when the debtor refuses to pay a sum within his capacity from such property as is liable to attachment. The Central Act amending the Code of Civil Procedure (Act XXI of 1936) prevents the imprisonment of debtors except where the debtor is likely to obstruct or delay execution of an order of the Court by leaving the area of the Court's jurisdiction, where there has been a dishonest transfer of property, where the debtor is able to pay from assets liable to attachment, or where the debtor is liable in a fiduciary capacity ; the Act is not limited to industrial workers, but applies to all judgment-debtors.

VII

Labour Legislation in Indian States.

The vast amount of legislative activity in the British Indian Provinces and at the Centre was not without its effect on the attitude and policy of the administrations in the neighbouring Indian States towards labour employed in factories and mines within their own borders. Some of the prominent Indian States, like Mysore, Baroda, Hyderabad, Indore, Travancore and Cochin, have passed

legislation for the protection of industrial workers in the States. The following are the main pieces of Labour Legislation in these States :—

Mysore passed a Factory Act in 1914 which was amended in 1925 and 1936. The Mysore Factories Regulation Act, 1936, is modelled on the Indian Factories Act, 1934. The first Mysore Mines Act was passed in 1897 and was amended in 1900 and 1906. Mysore has also adopted the Workmen's Compensation Act (1928, and as amended by the Act of 1936) and the Maternity Benefit Act, 1937, which are based on similar legislation in British India.

Hyderabad : Conditions in factories in Hyderabad State are governed by the Hyderabad Factories Act, 1928. The Act is based on the British Indian Act, 1922. It provides for a 11-hour day and a 60-hour week for adults and a 6-hour day for children between 12 and 15. Overtime rate provided is 1¼ the normal rate. The provisions of the Act were extended to Rice Mills in 1935 and Bidi Factories in 1936. Hyderabad enacted the existing Mines Act in 1911.

Baroda has adopted the following British Indian Acts, since the year indicated in the brackets : Workmen's Compensation Act (1923) with all the amending Acts and Rules (1931) ; Trade Disputes Act, 1929 (1938) ; Trade Unions Act, 1926 (1938) ; the Bombay Maternity Benefit Act, 1936, and the Payment of Wages Act, 1936 (1940).

The Baroda State Factories Act is based on the Indian Factories Act, 1934, but it permits 60 hours of work per week as distinguished from 54 hours under the Factories Act, 1934. Baroda passed the existing Mines Act in 1908.

Indore : Like Baroda, Indore has adopted the following British Indian Acts, since the year indicated in brackets : The Workmen's Compensation Act (1935) ; The Maternity Benefit Act (1936) ; The Trade Disputes Act, on the lines of the Bombay Trade Disputes and Conciliation Act of 1934 (1938) and the Payment of Wages Act (1938).

The Indore Factories Regulation Act was passed in 1914 and was amended in 1929. The Act prevents the employment of children below 11 and the hours of work of children between 11 and 14 are limited to 6 per day. Hours of work for adults are 11 per day and 60 per week.

Travancore passed the first Factories Act in 1911 which was modified in 1935 and brought into conformity with the Indian Factories Act, 1934, by a further amendment in 1938.

Travancore has also passed a Mines Act (1928); The Workmen's Compensation Act (Bill 1937); The Trade Unions Act (1937) and an Act for the settlement of industrial disputes.

Cochin : The first Factories Act of Cochin was passed in 1927 and since then the State has followed British Indian Labour Legislation and has so far adopted the following Acts :—

The Workmen's Compensation Act; The Payment of Wages Act; The Trade Disputes Act; The Dock Labourers Act; The Trade Unions Act and the Maternity Benefit Act.

According to an inquiry conducted by the Government of India, in 1929-30, forty-eight (48) States had factories, mines, plantations or transport systems, of which 22 had Labour Legislation of some kind or other, in that year. The enormous increase in the legislative activity of the British Indian Provinces in recent years must have forced the pace of Labour Reform in the States since 1929-30. The majority of the States, however, do not yet possess even the elementary kind of Labour Legislation. A large number of the States are, no doubt, industrially backward. But the Labour Legislation enacted by even those States which have made considerable industrial progress, falls far short of the standards set up in British India. The disparity between the labour conditions in British India and the States can be most vividly seen by a comparison of their Mining Legislation. In contrast to the British Indian Mining Legislation, the conditions of work in mines

in Mysore, Hyderabad and Baroda are governed by Statutes which were passed as early as 1906, 1911 and 1908, respectively. The Legislation is designed mainly to provide for the safety of persons working in the mines and does not attempt to regulate the hours of work of miners. Travancore is the only exception where the recent Mining Legislation (1928) limits the working days to 6 a week; hours of work to 11 a day and 54 a week overground and 42 a week underground, and prohibits employment of women in mines before 6 a.m. and after 6 p.m. Over and above the inequality between the Labour laws in British India and the States, it should be borne in mind that the time-lag which has always intervened in the passing of a piece of Labour Legislation in British India and its adoption by the Indian States, has also meant diversity of labour conditions during the period.

VIII

Conclusions.

An attempt has so far been made to review the existing Labour Legislation in India.

An average adult worker in a factory or a mine, in India, today, cannot work longer than 10 hours a day; law secures him a compulsory weekly holiday and intervals of rest during his working hours; no child below the age of 12 is admitted to industrial employment and, in some occupations, this minimum age is raised to 15; persons between the age of 12 and 17, who are physically unfit to be treated as adults, are regarded as children; night employment of women and children is prohibited and rules under the Mining Legislation exclude women from underground work in mines; payment of wages to workers and the employer's power to fine his employees are regulated by law. The State has imposed an obligation on the employer to pay compensation, according to prescribed scale, to workers who receive injury resulting in temporary or permanent disablement or death, or who contract occupational diseases during the course of their work;

the right of workers to organise and to strike for the defence and furtherance of their legitimate interests has been recognised by law; the State has also assumed responsibility for bringing about amicable and peaceful settlement of industrial disputes; Maternity Benefits which are a part of the Social Insurance Legislation in the West, are made a liability of the employers who are required to give compulsory rest, with pay, to women-workers for a period of 4 weeks before and 4 weeks after delivery. The principle of Statutory Regulation of hours and working conditions has recently been extended to persons employed in shops, commercial establishments, restaurants and, to a small extent, in unregulated factories, and, in addition to the statutory limitation of the hours of work, this class of workers enjoy the right of a privilege leave, with pay, of 15 days for a continuous service of 11 months.

On any showing, India's achievement in the field of Labour Legislation must be pronounced as remarkable and even a casual perusal of the foregoing pages would show that there is sufficient justification for the view of Mr. Harold Butler, that "the conditions prevailing in large scale industries in India do not compare unfavourably with those in many European countries." Clearly, mere enumeration of the provisions of the "Labour Code" of a country cannot give an adequate and proper idea of the real protection that its working population enjoys in actual practice. To have a proper appreciation, one must inquire into the standard of strictness followed in the enforcement of such legislation, the area of economic life covered by the legislation and the spirit in which it is looked upon by the Government, on the one hand, and the employers and Labour, on the other. It is common knowledge that, in India, great disparity exists in the Labour standards as between province and province, and British India and Indian States. The degree of the strictness in the enforcement of the Labour laws also differs widely from area to area. The Whitley Commission, for example, found that in Assam, Bihar and Orissa particular leniency was shown in the administration of the Factories Act, as was disclosed by the small number of prosecutions in those provinces. Commenting on this, they wrote as

follows : " We found no reason for believing that conditions in Bihar and Orissa as compared with other Provinces justify particular leniency in the matter of the administration of the Act." They further remarked : " In the majority of provinces there are numerous cases of inadequate fines, particularly for repeated offences. Not infrequently the fine is smaller than the profit made by the offender out of the offence." The Provincial annual reports on the administration of the Factories Act also abound in instances of magisterial leniency. Apart from the inequalities in the Labour Standard and their enforcement from unit to unit, it is well-known that in spite of the extension of the Legislation to other sections of economic life, like commercial and shop employees, a vast number of working population such as the mass of agricultural wage-earners (which raise very complex questions) and the persons employed in small-scale establishment not covered by the Factories Acts, are outside the pale of Statutory Regulation.

The disparity of Labour conditions has made the question of the incidence of the burden of Labour Legislation on the competitive position of industry in different parts of the country, a serious one and there is a real danger that unless uniform Labour laws are adopted and enforced in the country as a whole, industry would increasingly tend to migrate from an area which is otherwise more suited, except the relatively high Labour standard, to areas which are inferior in resources and have a relatively low Labour standard. Once the need for a statutory minimum regulation of hours and working conditions is recognised, it is also fair that labouring population all over the country should enjoy the same measure of protection through uniformity in the Labour Code and its administration. The creation of a uniform Labour Code, the strict enforcement of the Labour Code in the country as a whole and the extension of existing Labour Legislation to the sectors of industrial life, which still remain unregulated, are some of the vital problems which deserve careful consideration before embarking on more ambitious and radical legislative measures for amelioration of the condition of working classes.

PART II

A critical appraisal of the New Labour Policies.

I

The trend of the New Labour Policies.

The advent of popular Governments in the Provinces, in April, 1937, marked a new epoch in the history of legislative efforts for improvement of the condition of the Indian wage-earner. The principles which inspired the Labour Policy of most of the ministries were best reflected in the Press Note on the subject issued by the Government of Bombay in August, 1937, from which the following extracts are reproduced below :—

"Government are aware that they are in a special sense responsible for the welfare of the industrial worker. The process of industrialisation, which has gone furtherest in this Presidency as far as India is concerned, takes away the independence of the worker, places him in a difficult environment and creates social and political problems of a peculiar and complicated character..... This Government has therefore accepted it as its duty to endeavour to work out this programme (as set out in the Election Manifesto) using all the means at its disposal. Government will try to adjust the social and economic mechanism in such a way as to assure to the worker the satisfaction of at least his minimum human needs, security of service, provision of alternative occupations in periods of inevitable unemployment and maintenance during periods of unavoidable incapacity for work. It is also an acknowledged obligation of Government to secure working and living conditions which are favourable to the worker's physical and moral health and to ensure for him opportunities for the advancement of his status and a full measure of freedom of action consistently with his obligations to industry and society. The pace at which a programme to achieve these ends can be prosecuted will depend upon various factors fore-

most among them being the co-operation of the working classes and of the employers, the state of the industries concerned and economic conditions generally.

"Government are examining the possibility of devising measures for setting up minimum wage-fixing machinery to meet special requirements, for promoting the provision of better housing conditions, for control of house rent in cities and for the relief and avoidance of working class indebtedness. With regard to industries and industrial centres which fail to provide a living wage to the employees, Government have decided to institute exhaustive inquiries with a view to determining how far wages in these cases fall short of the minimum budgetary needs of the workers, to discover what circumstances are responsible for the inadequacy and to ascertaining the ways and means of improving wages to a satisfactory level.

"For the protection of the industrial population, Government visualize the development of a comprehensive system of social insurance..... Government have under their consideration the feasibility of legislation for leave with pay during periods of sickness. It is hoped that the action taken in this direction would pave the way for a scheme of sickness insurance.

"Government contemplate an immediate extension and improvement of the Factories Act in several directions. Provisions of the Act relating to the weekly holidays, the interval of rest and spread over of the hours need amendment. Satisfactory dining accommodation and adequate medical aid will be made a legal obligation. The position regarding the maximum hours of work will be reviewed. Government find that some regulation of night-shift work in general will have soon to be considered.

"With regard to trade disputes, Government are determined to pursue an active policy with a view to maintaining industrial peace in the Presidency

endeavouring all the time to see that the workers obtain a fair deal. It is the intention of Government to promote legislation aiming at the prevention of strikes and lockouts as far as possible. The basis of this legislation would be the requirement that no reduction in wages or other change in conditions of employment to the disadvantage of the worker should take effect till they have had sufficient time and opportunity for having the facts and merits of the proposed change examined and all avenues of peaceful settlement of the dispute explored either through the channel of voluntary negotiation, conciliation, or arbitration or by the machinery of the law. A corresponding obligation would rest on the workers in respect of demands on their behalf.

"While Government propose to do all that is practicable for the amelioration of the conditions of the working classes, they are convinced that no legislative programme can be a substitute for the organised strength of the working-class and till organizations of workers, run on genuine trade union lines grow up in the various fields of employment, no lasting good can accrue. Government are therefore anxious to assist in removing real hindrances in the way of the growth of labour organisations and to promote collective bargaining between the employers and the employees. Means will be devised to discourage victimization of workers for connection with a labour organisation and participation in legitimate trade union activity.

"In the sphere of education, Government realise that the working class has its special needs and that illiteracy in its case constitutes a very serious handicap to itself and a grave danger to society. The educational policy of Government will therefore be designed to meet these special requirements. Government's policy of prohibition has also a special bearing on the well-being of the industrial community and it is Government's intention to select important industrial towns for the early application of this policy.

"Government have in mind the need and utility of statistical and other information for the proper discharge of their functions in these and other matters. The Government Labour Office is well equipped for the purpose. Government are considering the advisability of extending the scope of the work of the Labour Office and of facilitating the work of collection of statistics by suitable legislation."*

The formation of Governments with pronounced sympathy for the cause of Labour in the Provinces under the new constitution naturally created a sense of freedom and exhilaration amongst the leaders of working class movement and resulted in constant agitation for further legislative measures for amelioration of their position. Partly in response to popular pressure and partly with a view to implementing their Policy, the Governments of Bombay, United Provinces and Central Provinces appointed Committees of Inquiry to investigate the position of labour in the Cotton Textile Industry in those Provinces and to make recommendations, while the Government of Bihar appointed a Committee of Inquiry to investigate the position and to make recommendations in respect of Labour in all the industries of the Province. The Bombay, Cawnpore and Central Provinces Textile Labour Inquiry Committees recommended an immediate increase in the wages of textile workers, which was estimated to raise the wage bill of the industry in those Provinces by nearly 10 to 12½ per cent. The Reports of all these Committees of Inquiry have been published and contain proposals of a far-reaching character for reform of Labour Conditions.

With the exception of Maternity Benefits and Workmen's Compensation Legislation, the Indian Labour Legislation of the past, which is reviewed in the first part, was, in the main, of a negative character, in the sense that it was designed to protect the workers from some of the admitted evils of modern industrialism. It will, however, be seen from the above extracts from the Press Note of the Government of Bombay that more progressive and positive

* August 1937, Bombay Labour Gazette, Page 922.

legislation of the type of the ' Social Insurance Legislation', in the West, has made its appearance on the Indian horizon. The exigencies of War Economy may rule out the adoption of a radical legislation during the War and would even necessitate some relaxation of the provisions of the existing Labour Code such as increase in the maximum weekly working hours in respect of certain industries. But, in common with other countries, India is bound to experience an insistent public demand for increase in Social Service Expenditure of Governments in general and specific measures of Labour legislation in particular, at the end of the present hostilities. Most of the proposals under contemplation of the Provincial Governments before the outbreak of War and the manifold recommendations of recent Labour Inquiry Committees are likely to become the major planks in the post-war Labour Policy of the Provincial and Central Government. It would, therefore, be interesting to review these proposals and to analyse their full implications. Clearly, it is hardly possible that each and every proposal could be examined in detail, in a study of this kind. It is, however, proposed to analyse some of the more important of these proposals. For sake of clarity, it would be convenient to retain the same classification in examining these proposals as has been applied to the survey of the existing Labour Code in the first part. Broadly, the major proposals for reform can be grouped under five heads; according to the objectives which they were designed to fulfil :

(A) Proposals relating to hours of work and conditions of employment of industrial workers.

(B) Proposals relating to industrial disputes and the maintenance of Peace in Industry.

(C) Proposals relating to workers' Organisations and their privileges.

(D) Proposals relating to Workers' welfare.

(E) Miscellaneous Proposals.

These proposals are examined in the sections which follow.

II

Proposals relating to hours of work and conditions of employment of industrial workers.

The first and foremost set of problems which have received considerable attention, in recent years, relate to questions such as the regulation of maximum working hours, night shift hours, rationalisation, and method of recruitment ; fixation of minimum wages and standardisation of wages and provision of educational facilities. These questions are dealt with separately in this section.

(i) Maximum hours of work :

The movement for statutory reduction of working hours of industrial workers originated in Great Britain in the second-half of the nineteenth century and gradually spread to other countries in later years. At present an 8-hour day or a 48-hour week have become customary working hours for industrial workers in countries like Great Britain, New Zealand, Australia, Canada, U.S.A., etc. The 'Washington Convention' adopted by the International Labour Conference, in 1919, recommended an 8-hour day or 48-hour week. Since that year, however, working classes in many countries have set before them the goal of a 40-hour week as a part of their further programme of reform. The Socialist Government under Blum in France provided for the enforcement of the 40-hour week, by a Decree in 1936. The Labour Government in New Zealand also passed an Act in 1936 which provided a 40-hour week for workers in factories and a 44-hour week for those in shops. In U.S.A., the Fair Labour Standards Act, 1938, established as the goal a 40-hour week which was to be attained by gradual stages in the course of 3 years.

The original impulse behind the movement for shorter hours was a broad humanitarian sympathy which recognised the weakness in the bargaining position of an individual

worker *vis-a-vis* his employer and insisted that the State should protect the worker, particularly young women and children, from the evils of excessively long hours of labour. The humanitarian case for shorter hours was strengthened by the practical experience that reduction of hours was economical in the long run as it tended to increase the efficiency and the daily output of the individual worker. A wide-awake and alert Labour force, working at high intensity, was found to turn out as much in 8 to 10 hours as a weary and fatigued one, working at low intensity in 12 or longer hours. Industry in the West has also made great improvement in technical efficiency and introduced rational and scientific methods of production on a large scale in the post-war (1914-18) years. This holds out the promise that by working machines for longer hours—through systematic adoption of double shift work—human working-hours could be still further reduced.

This aspect of the case for shorter hours should, however, be clearly distinguished from shortening of working hours as a remedy against unemployment. In a period of acute depression, it is often suggested that instead of curtailing the Labour force, the larger Labour force should work for shorter hours to produce the shrunken output. In other words, the reduced work should be distributed over a larger number of heads so that all workers should equally bear the consequence of the decline in demand instead of allowing those in employment to maintain their earnings and condemning the others to unemployment and to complete loss of earnings or public assistance. Whatever may be the validity of this argument as a short-run remedy against unemployment, it is important to remember that the demand for shorter hours is always associated with the demand for maintenance of earnings at the previous level. This can be achieved only if shorter hours are accompanied by larger output as a result of increased efficiency or greater mechanisation of industry. Otherwise, while money-incomes of wage-earners, as a whole, would be stable they would suffer a loss in their 'real incomes' as the flow of goods and services would tend to diminish, as a consequence of shorter hours.

Apart from this, it should be remembered that any survey of the present total volume of world production shows, in the words of Mr. Colin Clarke, that 'the world is found to be a wretchedly poor place' and there is scope for far greater expansion of the world output if the ideal of a reasonable standard of living to every individual is to be attained. The Indian Jute Industry, for example, was required to adopt a shorter week to meet a temporary decline in demand during the last several years. This argument, however, cannot serve as a justification for shortening the hours of work, irrespective of its effect on the total output, in a country like India, where the greatest single economic problem is that of augmenting production, with a view to raising the people from their appallingly low standards of living.

In India, the hours of work were successively reduced from an unregulated state of affairs, where 14 or 15 hours were worked every day, to 10 hours a day for factory worker, 9 hours a day for the miner working underground and between 9½ hours and 10 hours for the shop assistant (in Provinces where Shop Legislation is passed) by a series of enactments between 1881 and 1941. The case for shorter hours in India was based partly on the broad humanitarian sympathy which insisted that the State should protect the worker from the evils of excessively long hours of labour and partly on the economic argument that short hours tended to promote the efficiency and output of the individual worker. A large number of Indian employers testify that the reduction of hours of work from 60 a week, under the Factory Act of 1922, to 54 a week has resulted in an improvement rather than a reduction in output. Although a 10-hour day or a 54-hour week are the maximum permissible under the present law, many enterprises have gone further and follow shorter hours in actual practice. In all the dockyards, some of the larger engineering and almost all the railway work-shops, as well as in a number of textile mills, a 48-hour week is in operation. In the Tata Iron & Steel Works, 8-hours shifts is the general rule, while in a group of mills in Bombay 3 shifts of 7 hours each have been adopted. (1)

(1) Page 12—" Problems of Industry in the West " by Harold Butler.

The following table gives the actual weekly hours worked in registered factories and mines in India :—

Percentage of factories (for which particulars are available) in which the normal weekly hours are :—

	Not above 42.	Between 42 and 48.	Above 48.
Perennial.			
For men	5	22	73
For women	10	17	73
	Not above 48.	Between 48 and 54.	Above 54.
Seasonal.			
For men	26	11	63
For women	34	6	60

It is quite legitimate for the Indian worker to claim that his working hours (which are at present 10 a day or 54 a week)* should correspond, as far as possible, with the standards adopted in the West. But, the mere fact that the progressive countries in the West have adopted a 48-hour or 40-hour week cannot be sufficient ground for its general introduction in India, without taking into account the special characteristics of the Indian industry, on the one hand, and Indian Labour, on the other. The problem of discovering the optimum length of the working day, which will give maximum output per worker, is essentially a problem which each country can judge and

* To suit war time conditions, these provisions have been relaxed to some extent.

decide for itself in the light of the efficiency of the worker, the progress of mechanisation of the industry, and so on. Recognition was given to this fact in the concession made to India to adopt 60-hour week, under the Washington Convention, which recommended a 48-hour week for other signatories. It is also held by expert opinion that "in very hot countries it may be more productive to work at low intensity for long hours, and in colder countries, where the food consumed is of a different kind, at high intensity for short hours "[1]. Apart from this consideration, the extent of increase in efficiency following the reduction of working hours will greatly depend upon the facilities available to the workers in the country for proper use of the increased leisure. The position regarding the provision of facilities for use of leisure in India is yet far from satisfactory. Over and above this, Indian industry in general has yet a tremendous leeway to make up in respect of mechanisation and rationalisation which alone have made possible a general reduction in the hours of work in the West. It would appear from this analysis that further reduction in working hours in organised industries in India should come about not by way of a statutory general reduction but through voluntary negotiations between workers and employers in each industry in the light of such considerations as worker's bargaining power, the economic position and the technical efficiency of the industry concerned and so on. The Bihar Labour Inquiry Committee have come to a similar conclusion as indicated in the following words :—

> "While we recognise the inevitability of the reaction of the Western standards on Indian conditions, we cannot possibly support that tendency without reference to those conditions. The fact that in many establishments a large percentage, if not a majority of workers is working less hours than are prescribed as the maximum by law, shows that the employers are alive to the advantages of reduced hours of working and are able to adjust themselves

---

1 Report to the League of Nations on Raw Materials and Foodstuffs, by Gini, page 41.

to changing conditions. We welcome this move on their part towards reduced hours of working; at the same time, we are not prepared to recommend reduction by law."

It should be borne in mind in this context that, although an 8-hour day or a 48-hour week has become customary at present in Great Britain, Great Britain has not yet ratified the Washington Convention of hours of work as a result of the opposition of British employers to legislative restrictions upon freedom to change hours of work by negotiation. Legislation, it is argued, imposes rigidity on the working hours and the British employers prefer the more flexible method of settling the maximum hours by voluntary agreement. This is an object lesson regarding the manner in which further shortening of hours of work should come about in the case of organised industries in India.

An important field of economic activity which needs thorough investigation and urgent relief in respect of hours of work is the whole range of small unorganised trades and establishments like the Clothing trade or bidi-manufacture or shellac-manufacture, to which the existing Factories Legislation does not apply. Hours of labour worked in these unregulated areas of economic life are often excessively long. Provincial Governments would be rendering a very valuable service if they undertake to investigate the position regarding the working hours and conditions of employment in all the unorganised trades and small establishments within the Province and to extend the provisions of the existing Factories Act to these trades, with such modifications as are necessitated by their economic position.

A number of Provinces have recently regulated the hours and conditions of work of shop-assistants and employees in commercial establishments by special Shops Legislation. Some of these enactments like the Punjab Trade Employees Act, 1940, and the Bengal Shops and Establishments Act, 1940, contain provisions such as Privilege leave with pay, which may be considered too advanced by relatively backward Provinces with smaller

cities like Bihar, Assam and so on. The Government of India have recently passed an Enabling Measure, which authorises Provincial Governments to require the grant of compulsory weekly holiday to shop-assistants, in the Province, by issue of a notification. But, there is no reason why a general Shops Bill, embodying, besides the grant of a weekly holiday, other provisions like the regulation of maximum daily and weekly hours and regular payment of wages contained in the existing Factories Act, 1934, and the Payment of Wages Act, 1936, should be passed by the Central Government, with a view to create a minimum framework of regulation applicable to shops and commercial establishments all over the country.

Once the need for a minimum degree of regulation of Factory conditions is recognised, it is important that adequate attention should be paid to its stringent enforcement. It has been repeatedly pointed out by several Committees of Inquiry that the inspecting staff for the enforcement of existing Labour Code is extremely inadequate. The extension of the existing Factory legislation to unregulated areas of uneconomic life and the provision of adequate staff for the stringent and uniform enforcement of such legislation are directions on which attention should be concentrated before considering the advisability of further statutory reduction of working hours in organised industries.

(ii) Regulation of the hours of night shift work :

An important development which may have the effect of shortening the hours of labour in organised industries is the possibility of regulating the hours of the shift system of work. The system of more than one shift a day has become a common feature of factory-life in important centres like Bombay, Ahmedabad, Cawnpore, Madura and Coimbatore, in recent years, as will be seen from the following table regarding Bombay Textile Mills :—

Number of Cotton Textile Mills working Night Shift and the Number of Workers employed in Bombay, Ahmedabad and Other Centres in the Province of Bombay:

(*Source : Bombay Textile Labour Inquiry Committee Report.*)[1]

Period.		Bombay.		Ahmedabad.		Other Centres.	
		No. of Mills.	No. of Operatives.	No. of Mills.	No. of Operatives.	No. of Mills.	No. of Operatives.
January	1931.	17	5,951	15	5,571	3	943
January	1935.	33	27,500	31	12,468	8	3,951
January	1937.	38	26,362	39	19,710	7	2,612
January	1938.	48	47,524	64	35,325	11	4,901
July	1938.	52	53,059	68	34,618	12	6,030
January	1939.	51	46,894	47	27,422	10	5,852
November	1939.	42	32,587	39	22,699	10	4,125

Some mills like the Sassoon Mills Group, in Bombay, work three shifts a day but the 2-shift system is more common. The system of 2-shifts a day necessarily involves work during the greater portion of the night for industrial workers unless the hours of the night-shift work are regulated by law. It is common experience that night-work is more irksome and entails greater strain on the worker than the day-work. The deplorable conditions of housing in which the average industrial worker in India is condemned to live at present, make night-work all the more strenuous as the worker on the night-shift can

[1] In December 1943, 66 mills with 85,727 workers and 64 mills with 47,054 workers were working night shifts in Bombay and Ahmedabad respectively (*Indian Labour Gazette*, Feb. 1944.)

hardly get undisturbed sleep and sufficient rest during the day in the noisy surroundings of his household. Night-work, under these circumstances, cannot but adversely affect his health and efficiency. It is also argued, with some degree of truth, that work, particularly during the latter part of the night, tends to deteriorate in quality. Apart from this, night-work denies the worker the joys of a healthy and active participation in the affairs of his household and greatly upsets his normal family life. In view of these considerations, many countries in the West have regulated the hours of night-shift work by statutory enactments. In Great Britain, the 2-shift system was abandoned in the cotton trade after the War of 1914-18. The 2-shift system (between 6 a.m. and 10 p.m.) for women and young persons has been applied in some of the undertakings in the Wool and Rayon factories. Most shifts work 8 hours, including at least half an hour for meals. As the work stops at 2 p.m. on Saturday, the working week for the morning shift is only 43 hours (7½ hours on 5 days in the week and 5½ hours on Saturday) and that of the afternoon shift only 37½ hours. The shifts change over every fortnight, so that the average working week of both shifts is 43¼ hours. In Italy, in the Cotton Industry, hours of work in undertakings working 2 or 3 shifts were 37½ in the week, paid for as 40. Another system which prevailed in the Italian Textile Industry was that of working three 6-hour shifts between 5-30 a.m. and 11 p.m. In the United States of America, as a rule, the Labour Code prohibits the working of productive machinery for more than two 40-hour shifts each week.*

No systematic studies of the effect of working conditions such as maximum hours, ventilation, shift work, have yet been made in India; nor do agencies like the Industrial Research Board and the National Institute of Industrial Psychology in Great Britain have yet been established in India. The Industrial Research Board is a Government Body established at the end of 1918. The National Institute of Industrial Psychology is a voluntary organisation founded in 1921. Both the institutions have

* Bombay Textile Labour Inquiry Committee Report, pages 172-173.

done valuable research work regarding the effects of factory conditions on the health and efficiency of British worker. But, despite practical data, it is generally accepted in India that night-work does entail great strain on the worker and leads to some deterioration in the quality of his work. The Bihar Labour Inquiry Committee have pointed out that the President of the Employers' Association, Cawnpore, in his evidence before the Committee, mentioned that he disliked night-work. The Report of the Bombay Textile Labour Inquiry Committee gives the view, on this question, of a prominent industrialist from Ahmedabad, as follows :—

> "Mr. Kasturbhai Lalbhai said : 'Production per hour has remained the same as it is during the day. There would be no question about the quality. It remains the same.' When asked why he had adopted in his own mills the system of closing night-shift at 12-30 a.m., he replied 'Not only out of consideration for the worker. That was one of the considerations. *The second consideration was my own production, because I felt that if the worker was allowed to work up to* 3 *o'clock in the morning, I may not get out of him the same amount of production as I expect to get out of him by asking him to work only up to* 12-30 *a.m.*'"*

The existing Indian Factory Legislation prohibits the employment of women and children between 7 p.m. and 6 a.m., but there is no restriction on the night-work for adult male workers. Given the harmful effect of night-work on the worker's efficiency and health, the question arises whether the State would be justified in prohibiting night-work for all operatives. It should be remembered in this connection that the major task of India's economic life today is, a rapid expansion of total production in which maximum use of machinery would have to play a vital role. Apart from this general consideration, the working of machinery during night means that the total overhead costs can be spread over a larger

---

* The italics are ours.

output so that costs per unit of production tend to diminish. In other words, the employer gets more work out of the machinery by working it during night instead of keeping it idle, which he can ill-afford, in view of the expensive nature of modern plant and equipment. There is also the question that so long as other competing countries have not abandoned night-work, its prohibition in India would cripple her competitive strength. The problem would, therefore, appear to be not of completely abolishing night-work but of regulating it in such a manner that while the worker is enabled to get sufficient and adequate rest during the larger part of the night, the employer can get maximum possible work out of his expensive machinery and reduce his overhead as well as average costs per unit of production. Both the Bombay and the Cawnpore Textile Labour Inquiry Committees have accepted the view that double shift system of work is inevitable under the present circumstances in India. But, to soften its rigour, they have recommended that Government should, by law, regulate the hours of night-shift work on the lines followed in Japan. In Japan, most of the factories work two straight shifts a day. The first shift works for 8½ hours' work and ½ hour's rest between 5 a.m. and 2 p.m. and the second shift works for 8½ hours' work and ½ hour's rest between 2 p.m. and 11 p.m. Such system is not unknown in India and is followed in a modified form in one group of mills at Ahmedabad where the shifts work for 8½ hours on 5 days and 10 hours on 1 day, making a total of 52½-hour-week. In these mills the second shift starts work at 3-30 in the afternoon and closes at 12-30 a.m. According to the Bombay Textile Labour Inquiry Committee, the Ahmedabad Millowners' Association expressed their willingness to adopt a system on same lines as followed by the above group of mills. The Cawnpore Labour Inquiry Committee have recommended the adoption of the Japanese system of shift work in the organised factories in India. The Bombay Textile Labour Inquiry Committee, however, have pointed out that starting of the first shift at 5 a.m., as in the case of Japan, would be inconvenient for women-workers who would have to leave their homes,

at a very early hour in the morning. They have, therefore, suggested that the better method of regulating the hours of night-shift work would be that Government should lay down that textile mills in Bombay should be closed for a period of six consecutive hours between 12 mid-night and 7 a.m. The Bombay Committee's suggestion is preferable, because it offers a more elastic method of regulation which leaves freedom to an individual employer to adjust his shift-hours and starting-hour according to the convenience of his employees and the requirements of his factory. The Bombay Textile Labour Inquiry Committee have also suggested that Government should prohibit all multiple shifts except the two straight shifts system and three shifts under a special licence. The main advantage of freedom to work more than one shift is that an industry faced with an exceptionally heavy but purely temporary increase in demand, can meet the situation by working 2 or 3 shifts instead of having to expand its productive capacity and suffer all the consequent losses when the demand disappears. If exemption[1] to work more than 2 shifts under special circumstances is provided for, it is desirable to consider the introduction of 2 straight shifts system of work in Indian factories. Under the present Factory Legislation, the employment of women and children after 7 p.m. is prohibited. Appropriate adjustment of the factory work, with a view to finishing the work in departments employing relatively larger proportion of women and young persons before 7 p.m., would have to be made in order to make possible the regulation of hours of the night-shifts work on the above lines.

A question which arises out of the regulation of night-shift is the desirability of compulsorily enforcing the change-over of workers from day to night-shift, at regular intervals. Once it is admitted that night-work means greater strain on the worker, it follows that continuous employment of an individual worker on the night-shift must result in permanent deterioration in his health and efficiency.

---

1 **It is clear that during war, such exemption would have to be provided in many industries.**

It is, therefore, suggested that the two teams of workers working on the day-shift and the night-shift should change their places as a matter of routine every month so that the night-shift workers could get relief from night-work at regular intervals. The working of night-shift in India is mostly of an intermittent character designed to meet temporary increases in demand and is often suspended without suitable long notice. Compulsory change-over is, therefore, opposed by relatively more permanent workers because of the fear that they and not the temporary hands would face the risk of losing their jobs in case they happened to be on the night-shift when it was suspended. This objection could be met by providing that whenever an individual mill decides to stop night-work, the necessary curtailment of labour should be done by relieving each worker according to the length of his service.

The question of the regulation of hours of night-shift and the allied question of the compulsory change-over of workers on the two shifts at regular intervals are likely to assume greater importance as a result of the general resort to night-shift under the stimulus of the increased war-time demand. Regulation of night-shift in any particular industry would have to be on an all-India basis as unilateral action by a single Provincial Government would be manifestly unfair to the industry in the Province. The Central Government should, therefore, examine the various aspects of the question in consultation with Provincial Governments, employers and Labour, and explore the possibility of prohibiting work between mid-night and early morning, leaving freedom to each individual mill to choose the starting time and also the actual hours of shifts between the prescribed limits, on the Japanese model.

(ii) Minimum Wages :

The principle of fixing minimum wages in each trade or industry has made great advance in many industrial countries, in recent years. The traditional Theory of Wages postulated that wages settled by free competition and negotiation between an employer and the individual worker were likely to give the most economical level of

wages, because the employer could give a worker the value of his net contribution to the total production. In practice, however, the theory was found to break down because of two reasons. First, the bargaining power of the worker *vis-a-vis* his employers is comparatively very weak and in a competition between two unequal parties the worker is likely to suffer. Secondly, the workers are not freely mobile as between different occupations or places and hence they cannot easily move from a place, where supply of labour is larger relatively to demand and wages are low, to a place where demand is large relatively to supply and wages are high. The realisation of these facts led to State intervention in the fixation of wages between the employer and the worker. Once the State decides to intervene, the main questions which arise are twofold : (1) the formulation of the minimum wage and (2) the machinery to fix and enforce the minimum wage. Broadly, the minimum wage is formulated in the light of three considerations :

(1) The cost-of-living principle which postulates that the minimum wage should be such as to afford adequate maintenance to a worker and his family consisting of a given number of units. As Mr. Justice Higgins, the originator of the concept in Australia, puts it, ' the basic wage is determined according to the normal needs of an average employee regarded as a human being living in a civilised community'.* This is also called the Living Wage Standard.

(2) The capacity-of-the-industry-to-pay principle, which requires that the minimum wage should be such as would not entail a heavy burden on the industry concerned. The general condition of the industry, the stage of its development, its competitive position relatively to similar industries in other countries, are taken into account in estimating the burden which such proposal is likely to impose on the industry.

(3) The wages of workers in alternate occupations are also taken into account while fixing the minimum wage.

---

* Page 460—' Organised Labour in four Continents '—Marquand and Others.

Having formulated the Standard or the Basic Rate of Wages, which should serve as a Minimum Wage in the industry concerned, the second question is that of the machinery to formulate, adjust and enforce it. For the majority of industries in Great Britain wages and other conditions of work are fixed by collective bargaining between the trade unions and the employers. Under the Trade Boards Acts of 1909 and 1918, however, the British Government are authorised to intervene and to fix minimum wages and maximum hours in trades where (*i*) wages are exceptionally low and (*ii*) adequate machinery for collective bargaining does not exist. Separate Acts of Parliament, like the Coal-mining (Minimum Wage) Act of 1912, the Agricultural Wages (Regulation) Act, 1924, the Cotton Manufacturing Industry (Temporary Provisions) Act, 1934, and the Road Haulage Wages Act, 1938, empowered the Government to fix minimum wages of the Coal-miners, Agricultural labourers, Cotton Trade operatives and persons engaged on Road Haulage. In respect of these industries, the usual machinery adopted is the setting up of Trade Boards for each industry concerned. Trade Boards are statutory institutions. Each Trade Board consists of representatives of employers and Labour, and some independent persons not connected with the industry, who endeavour to bring about conciliation and agreement regarding the Minimum Wage. The Minister of Labour appoints these representatives from the names sent in by employers and workers. Their main function is to fix minimum wages, both time-rate and piece-rate. There were more than 49 *Trade Boards in existence in Great Britain in 1938. The decisions of the Board are legally binding and enforced by a special staff of inspectors appointed by the Minister of Labour.

In Australia and New Zealand, the fixation of wages is entrusted to Arbitration Courts, who are authorised to give binding awards with regard to wages. The Boards in Australia and New Zealand have fixed legally enforceable minimum wages for virtually all industries.

---

* Page 210—'Management and Labour'—K. G. Fenelon.

In U.S.A., the N.R.A. Programme of President Roosevelt attempted to fix minimum wages by what is known as 'The Codes of Fair Competition'. The N.R.A. provided for the formulation of these Codes for individual industries.

The wages of an average industrial worker in India are appallingly low.[1] According to the Bihar Labour Inquiry Committee, the wages of an unskilled worker in Bihar coal-mines are between Rs. 9 and Rs. 10 per month. The average earnings of the textile workers in all occupations in Bombay were in the neighbourhood of Rs. 30 to Rs. 35 per month, as will be seen from the following table :—

Occupational Group.	Year.	Bombay.	Ahmedabad.	Sholapur.
		Rs. a. p.	Rs. a. p.	Rs. a. p.
Process Operatives ..	1934	1 1 9 (116,989)	1 5 11 (74,185)	0 11 6 (14,435)
	1937	1 1 4 (97,143)	1 3 0 (60,139)	0 11 3 (15,148)
Engineering Operatives.	1934	1 2 9 (11,429)	1 3 11 (7,901)	0 12 6 (1,889)
	1937	1 2 8 (10,457)	1 2 3 (6,459)	0 11 6 (2,110)
All Operatives ..	1934	1 1 10 (128,418)	1 5 7 (82,086)	0 11 8 (16,324)
	1937	1 1 5 (107,600)	1 2 11 (66,598)	0 11 4 (17,258)

1 Comparison of Average Daily Earnings in All Occupations in Bombay, Ahmedabad and Sholapur, as between 1934 and 1937.

2 Table 29, page 57, Bombay Report.

The average wages have increased considerably during war-years as a result of the large profits made by industries but the increase has to some extent been offset by rise in the cost of living. A recent analysis of the average annual wages in a group of industries is given on next page :—

Industry.	1939.		1940.	
	Average No. of workers in hundreds.	Average wage Rs.	Average No. of workers in hundreds.	Average wage Rs.
(1)	(2)	(3)	(4)	(5)
Textiles	7,957	293·5	8,509	302·9
Engineering	830	263·5	1,153	345·0
Minerals and Metals ..	621	457·2	654	491·5
Chemicals and Dyes ..	524	244·8	560	229·6
Paper and Printing ..	517	332·7	532	360·3
Wood, Stone and Glass ..	422	194·2	509	175·3
Hides and Skins	120	285·8	166	327·1
Ordnance	266	361·9	499	408·5
Mints	18	367·4	32	462·7
Miscellaneous	205	281·2	237	261·0
Total ..	11,714	287·5	12,851	307·7

The normal wages of the lowest-paid worker in the Bombay or Cawnpore textile industry were nearly Rs. 12-8-0 to Rs. 13 per month. While the average wages of the lowest-paid worker in organised industries range between Rs. 10 and Rs. 15 per month (exclusive of the war-time dearness allowances) the level of earnings in unorganised trades, like bidi manufacture or shellac and mica manufacture, is often deplorable. Apart from the excessive lowness of wages, strong machinery for collective bargaining virtually does not exist in the majority of the Indian industries in the absence of a powerful and organised Trade Union Movement. In view of these facts, the Bombay Textile Labour Inquiry Committee, the Bihar Labour Inquiry Committee, the Cawnpore Labour Inquiry Committee and the Central Provinces Bidi Industry Inquiry Committee have supported the principle of fixation of minimum wages. The Bombay Committee have made a pioneer effort to formulate a Living Wage Standard, *viz.*, the minimum wages which are indispensable for reasonable maintenance of a worker and a family consisting of four units. According to them, under normal conditions, a fair estimate would give, for a typical family of a husband, wife and two children, a range of between Rs. 50 and Rs. 55 for Bombay and of between Rs. 45 and Rs. 50 for Ahmedabad. For Sholapur, the range would be about Rs. 3 to Rs. 5 less than for Ahmedabad and the

range for the other centres could be approximately determined by making similar appropriate allowances. After examining the existing level of earnings of different occupational groups in the Bombay Textile Industry, they conclude that "in all centres and for the large majority of occupations in the Cotton Textile Industry, the wages earned today are inadequate in relation to a Living Wage Standard."

The Cawnpore Labour Inquiry Committee have reached a similar conclusion and recommended a minimum wage of Rs. 15 for the Cotton Textile Industry in the United Provinces. The Bihar Labour Inquiry Committee have recommended the following scale of minimum wages for different industries and trades in the Province :

[1]Scale of Minimum Wages.

(1)	For Jamshedpur	Rs. 18 a month.
(2)	For Collieries :—	
	For miners and loaders the minimum wage should be secured by fixing a tub rate which will enable a miner and loader of average efficiency working under average mining conditions, and full number of days and hours allowed by law to earn Rs. 20 and Rs. 15 per month respectively or Rs. 35 jointly between the two.	
	For other workers in collieries Rs. 13 a month.	
(3)	For Limestone and Iron Ore Quarries	Rs. 13 a month or equivalent piece-work rate.
(4)	For metallurgical, engineering, railway workshops (outside Jamshedpur), paper, tobacco and Cement Industries	Rs. 15 a month.
(5)	For Sugar	Rs. 12 a month.

[1]Page 178—Bihar Labour Inquiry Committee Report.

The Central Provinces Bidi Industry Inquiry Committee have recommended the following rates of minimum wages for the workers in the Bidi factories :—

Village factories (small)	Re. 0-3-6 per thousand.
Village stock factories	Re. 0-4-0 per thousand.
Factories in small towns (including stock factories)	Re. 0-5-0 per thousand.
Factories in bigger towns (including stock factories)	Re. 0-6-0 per thousand.

As regards the machinery for the fixation of minimum wages in these industries, all these Committees have recommended the setting up of Trade Boards for each of the industry concerned, on the lines of the British Trade Board system. The Boards should consist of equal number of representatives of the employers and workers in the particular industry, with additional independent members appointed by Government, one of whom should be the Chairman. The main function of the Board would be to formulate and enforce a scheme of minimum wages on the lines recommended by these Committees.

It would appear from a perusal of the above that the trend of expert opinion is strongly in favour of fixation of minimum wages in organised industries of the country. Clearly, no one can dispute the fact that the average earnings of an industrial worker in India, today, are abnormally low and are far from a level which could be regarded as absolutely essential for the reasonable maintenance of a worker and his normal family. In vain, indeed, would be the efforts of all those who are working for maximising the economic progress of India within the shortest possible period if the aim of such progress is not the same as the one described in the following passage from the Cawnpore Labour Inquiry Committee Report :—

"We must state it frankly that we desire to see our workers living a decent and self-respecting life. We wish them to be adequately housed, cleanly clad, and sufficiently fed. We desire their children to be well-nourished, well-cared for, and sufficiently educated, to grow up to be efficient workmen and workwomen, and enlightened and responsible citizens. We realise how stunted, cribbed and confined is their present existence. For instance, even the budget estimate that has been prepared by the Mazdur Sabha does not include the item of milk. How essential milk is for little children and nursing mothers, and the sick and suffering, is too obvious to require emphasis. For a people who are mostly vegetarian, the need for milk is even greater. Yet this item is not included in the budget estimates either by the workers or by the employers."

In view of the excessive lowness of the average earnings of industrial workers and the virtual absence of collective bargaining machinery in the form of organised Trade Union Movement in most Indian industries, there appears to be a *prima facie* case for governmental fixation of minimum wages in organised industries in India. The problem of Minimum Wage fixation, however, raises very wide and complex issues. Any attempt to enforce minimum wages in a particular industry, without fully examining all the issues involved, would run the risk of striking at the very source of these earnings, *viz.*, the continued stability and progress of the industry. Broadly, the main issues which deserve consideration, are as follows :—

First, the lowness of the average earnings of industrial workers is essentially a part of the general lowness of incomes and poverty of the Indian masses. In any scheme of economic expansion and progress, the industrial worker would, no doubt, prove the van-guard of the movement of rising incomes and rising standards of living, which would gradually spread to the countryside. But, there is no escaping the fact that the general lowness of incomes would set a limit to the extent to which the

earnings of the unskilled urban worker could be pushed up through legislative efforts.

Secondly, the fixation of the Minimum Wage for each industry, by itself, presents a formidable task. The cost of maintenance of a worker and his normal family is an important consideration. Theoretically, 'Living Wage Standards', as formulated by the Bombay Textile Labour Inquiry Committee, offer useful guidance in arriving at the basis of Minimum Wage. But, their chief value lies in revealing the disparity between the 'actual level' and the 'reasonable level' of earnings and setting a goal before the Industry which it should attain through increased efficiency, in course of time. In any practicable scheme of Minimum Wages, the capacity of-the-industry-to-pay must be the paramount and decisive consideration. A proper estimate of the capacity to-pay of an industry pre-supposes a thorough-going, detailed and comprehensive survey of the trend of profits over a sufficiently long period, the vulnerability to foreign competition, the state of technical efficiency, and so on, of each industry treated as a single unit through an authoritative Body like a permanent Tariff Commission or Tariff Board. Any attempt to impose a Minimum Wage on a particular industry without such reliable and accurate data is bound to undermine its competitive strength and to do more harm than good to the workers themselves.

Lastly, India is, by no means, a closed economic system. An organised industry in one Indian Province, such as the Cotton Textile Industry or Sugar, is essentially a unit of similar industry in other Provinces or countries. Any unilateral action by one Provincial Government to impose Minimum Wages on the industry in the Province would, therefore, seriously cripple its competitive strength *vis-a-vis* similar industries in other Provinces or countries. The Cotton Textile Industry affords a typical example. It is common knowledge that the industry has shown an increasing tendency, in recent years, to move from its original home, *viz.*; Bombay to up-country centres like Cawnpore, Delhi, Indore, etc., partly due to the comparative natural advantages of these places and partly

to the relatively smaller burdens that the industry has to bear in the latter centres. Any unilateral action on the part of the Bombay Government to impose a Minimum Wage on the Bombay Textile Industry, as suggested by the Bombay Textile Labour Inquiry Committee, is bound to be prejudicial to the competitive capacity of the Bombay Industry *vis-a-vis* the industry in other centres or the British or the Japanese textile industry. How real is the fear of inter-provincial competition is amply borne out from the anxiety displayed by the Cawnpore Labour Inquiry Committee, in the following passage from their Report, in maintaining intact the existing competitive position of the Cawnpore Textile Industry *vis-a-vis* the Bombay and the Ahmedabad Industry :—

> "On a rough calculation we believe that these proposals will raise the general wage level in Cawnpore by between 10 and 12 per cent. and their effect therefore will be to prevent the disparity between Bombay and Ahmedabad on the one hand and Cawnpore on the other being further widened in consequence of the interim recommendations of the Bombay Enquiry Committee (1938). They will leave unimpaired the comparative advantages which Cawnpore enjoys over Bombay and Ahmedabad."

The Bihar Coal-mining Industry provides another illustration. While recommending the fixation of Minimum Wages for the Bihar Coal Industry, the Bihar Labour Inquiry Committee have emphasised that to ensure its success, 'the Government of Bihar should make an endeavour to persuade Governments of other Provinces, particularly Bengal, Central Provinces and the Indian States concerned, to fall in line with Legislation here.' It is also important to note in this connection that while discussing the economic position of the Coal Industry in India, the Bihar Committee have observed that 'it is evident that the price of coal in India is too low to permit good wages being paid ; an improvement in price is a necessary condition for the improvement of wages.' Emphasising the desirability of creating a Cartel or Syndicate, on the lines of the Central Sales Agency in the British

Coal Industry, with a view to raising the price of coal in India to a reasonable level, the Bihar Committee themselves have pointed out that the existence of 800 or more units in the Indian Coal Industry and competition from alternate substitutes like oil, electricity, and wood, render the task almost impossible.

It would be clear from this analysis that legislation of the type of Minimum Wage Fixation, in a vast country like India, where most of the industries are not confined to the boundaries of one single Province, would have to be on an all-India basis, and adequate care would have to be taken to see that the proposed Minimum Wages do not impair the competitive position of the Indian industry *vis-a-vis* the foreign countries. It should be borne in mind in this context that, in Great Britain, State intervention for the fixation of minimum wages has been attempted in those branches of industry such as the Clothing and other trades which cater, in the main, for the home market and which are comparatively free from the danger of foreign competition. There are exceptions like the Coal trade or Agriculture. But, in these cases, the British Government have shown their willingness to come to the aid of the industry by way of subsides or protection whenever its position was threatened by foreign competition. It follows from this that if Minimum Wage Legislation is enforced in any particular industry, the State would have to assume responsibility of giving legitimate assistance to the industry if its competitive capacity tends to weaken, as a result of the burden imposed by the Minimum Wage. The force of this contention has been fully accepted by the Cawnpore Labour Inquiry Committee, as will be seen from the following passage from their Report :—

> " We appreciate, however, the force of the contention of the employers that it should be promulgated as an all-India piece of legislation. This is sound in principle. Otherwise, fear of inter-provincial and Indian States competition, would emerge as a stern reality in the disposal of Cawnpore products. Already industry is migrating into Indian States in consequence

of the progressive labour legislation which is being adopted in the British Provinces in the country. The injury of such a geographically localized legislation has to be taken into due consideration. Also the factor of foreign competition cannot be overlooked. The labour costs of production in the Indian cotton industry are phenomenally high per 1,000 spindles or per 100 looms. We, therefore, have to be careful in adding to the burden on this, our leading industry in the country. We are, however, confident that our suggestion in this regard will not be burdensome. If anything it will tone up the industry in Cawnpore."

Many employers,[1] are opposed to Minimum Wage Legislation in principle; some consider its adoption as premature, in the existing circumstances of India. But, given an effort which takes into account all the considerations outlined above, in formulating a Minimum Wage, it is possible that employers would be prepared to consider the proposal, as is borne out by the following quotation from the evidence submitted by the Employers' Association of Northern Indian to the Cawnpore Labour Inquiry Committee :—

> "The Association see no objection to minimum rate of wages being fixed for factory adult labour, provided that under no circumstances should the standard of minimum rate of wage be so fixed that the textile industry of the United Provinces would be unduly handicapped in competition with the textile industry in other centres. It is not feasible to deal with a minimum wage for one industry without considering the possibilities of a minimum wage for all industries. Moreover, the establishment of a minimum wage would involve taking evidence about whole of India's economic activity and the Central Government's fiscal policy."[2]

---

[1] See Bihar Labour Inquiry Committee, page 174.

[2] Para 87, page 42, Cawnpore Report.

It will be seen from the foregoing analysis that so far as the introduction of Minimum Wage in organised industries is concerned, the best course to adopt should be as follows :

The Central Government should set up a permanent Tariff Board machinery. Amongst other functions, the Board should proceed to carry out a systematic survey of each organised industry, treated as a single unit. It should collect up-to-date data regarding the level of wages, the trend of profits over a long period, the nature of foreign and internal competition, and so on. In the light of such data, they should make recommendations with regard to wages, which should be divided into two parts. In the first part, the Board should give details of the actual level of wages in each industry, emphasising the particular occupations where wages, in their opinion, are excessively low, and suggest the method of giving relief to marginal cases of low wages which need immediate levelling up. The Government should publish this part of the report with a view to bring moral pressure to bear on the employers to redress, at any rate, the hard cases of low wages in the industry concerned. In the second part, the Board should formulate the standard rates of wages which they consider as reasonable for the maintenance of a worker and a normal family. Clearly, "Standard Wage," as between different centres of the industry, would not mean uniform wage, as appropriate allowances would have to be made for cost-of-living differences. But, the Board should indicate the minimum wages for each centre of the industry and attempt to co-relate them to the 'Basic Standard Wage.' The Board should clearly indicate the extent to which the industry concerned can raise the actual level of wages to the proposed reasonable level, without any external aid from Government, and, at the same time, make recommendations regarding the protective or other help which the industry would need, to attain the standard set up by the Board. Whenever the case of that industry for either the grant *de novo* or continuance of Protection comes up before Government, the Government should examine the possibility of appropriately raising the quantum of protection given, with a view to ensuring the proposed

Minimum Wage, subject to the fundamental consideration that the burden of these proposals on the consumer does not tend to be excessively heavy.

An immediate task which Provincial Governments can undertake with fruitful results is to investigate the position regarding actual earnings in small trades and establishments, like the bidi manufacture or shellac and mica trades, within the Province. These trades are eminently suitable for experimenting the introduction of Minimum Wage—within the limits set by their economic position—as they largely cater for home market, are comparatively free from foreign competition and often mean excessively low wages.

The Bihar Labour Inquiry Committee has also drawn attention to the fact that, in the shellac industry in Santal Parganas (Bihar), payment in kind is still resorted to. The advisability of extending the provisions of the existing Payment of Wages Act to unregulated areas of economic life is another question which deserves urgent attention.[1] The Madras Government had under contemplation the enactment of a Weekly Payment of Wages Bill (1939) with the object of limiting the wage-period to 7 days. It was contended in support of this measure that the shortening of the wage-period would reduce the extent of borrowing and drinking. The consensus of opinion, however, holds exactly a contrary view. For example, discussing this question, the Bihar Labour Inquiry Committee have observed as follows :—

> "Weekly payment is the rule in collieries. In other industries the wages are, generally speaking, paid monthly. We should have thought that workers would prefer weekly payment, as it would reduce purchases on credit, but we are glad to find that they are, generally speaking, for monthly payment. 3 or 4 employers who substituted weekly payment for monthly payment, were forced to revert to original

[1] The C. P. Government had under consideration three Bills on the subject—the C. P. Unregulated Factories Payment of Wages Bill, 1938, the C. P. Minimum Wages Bill and the C. P. Minimum Wages Fixation Machinery Bill, 1938.

system, by pressure of strong feeling amongst the workers themselves. In a country in which most transactions are on a monthly basis, we can appreciate the preference of the worker for monthly payment, and, inasmuch as monthly payment gives fewer occasions for indulgence in drink, we have further reasons for favouring their choice."

The Payment of Wages Act, 1936, limits the wage-period to one month. The Whitley Commission on Labour accepted the view that the wage-period should be shortened and, as a first step, recommended legislation for payment of wages at intervals not exceeding 16 days. Clearly, this is a matter which can be arranged according to the convenience of the workers and the management, and the general opinion held by Labour and employers in the particular Province should be the decisive consderation in legislation in the matter.

(iii) Standardisation of Wages[1] :

An allied problem with regard to the wages of industrial workers is the desirability of standardising the rates of wages for each separate occupation within an industry. Standardisation of Wages means that workers doing identical tasks receive the same uniform rate of wages. Standardisation pre-supposes a precise description and definition of the function of each particular occupation. A clear definition of functions of each occupation within an industry is advantageous from the view-point of both the workers and the employer. The worker doing a particular job would have a clear idea of the work for which he is responsible, while demarcation of functions as between different workers would minimize friction and facilitate the settlement of trade disputes. Once the need for standardisation is accepted the main question

---

[1] The Government of India have recently set up Committees in Bombay, Bengal, Bihar and U. P. with Chairman of the National Service Labour Tribunal as President and Workers' and Employers' representatives to recommend standardisation of occupational terms and wages of skilled and semi-skilled personnel in organised industries.

which arises is the 'fixation of the rate' which is to be the Standard rate of payment for each particular occupation. The proper method of settling the standard rates would be to compare the earnings of representative workers, in each job, over a sufficiently long period and to take the average of these earnings as the basis of the Standard Rate. A scheme of Standard Rate of Wages, on the basis of time-rates, was set up by the Bombay Millowners' Association, in 1928, for different occupations in the Bombay Cotton Textile Industry. Standardisation of wage-rates has so far been successfully adopted only in one centre in India, *viz.*, Ahmedabad. The manner in which Standardisation was put into effect in Ahmedabad is illuminating for any discussion of the subject, and hence the passage describing it is reproduced below, from the Report of the Bombay Textile Labour Inquiry Committee :—[1]

> "As the result of an award made in 1920, the wages of warp and weft piecers, doffers, oilers and muccadams in the ring frame department were standardised. The rates then standardised have since been subjected to uniform cuts and increases. In addition to these occupations, the other occupations covered by agreed schemes of standardisation during the last twenty years are doffers, oilers and muccadams in the speed frame department, firemen and drivers. In 1935, at the time of the Delhi Agreement, both parties agreed on evolving a scheme of standardisation of the wages of piece workers on the understanding that 'such standardisation should not involve any cut or increase.' The principles on which the standard wage rates for weavers were to be determined by the Ahmedabad Millowners' Association and the Textile Labour Association, Ahmedabad, were set forth in an agreement entered into by them in 1937 : 'Standardisation of weavers wages shall be put into effect immediately on the understanding that mills paying lower than the standard agreed upon shall immediately raise their

[1] Pages 100 and 101.

wages up to the standard, and those paying higher than the standard shall automatically come down to the standard on the expiry of six months from the date the standardisation is given effect to, provided that such mills will be permitted to come to the standard even within the period of six months if recommended by the Conciliation Sub-Committee to be appointed for the purpose. The standardisation shall be based on the average earnings of the weavers in all mills during the period of 12 full Haptas of 12 working days beginning from 1st April 1935 and taking into consideration the composition of cloth, etc., during this period. Rates will be based on the basis of these earnings provided that the allowance to be given in respect of the reduction of rates on account of the adjustment regarding fines, etc., consequent on the Payment of Wages Act would be subject to the decision of the Arbitration Board. Such scientific standardisation will be 'put into effect from 1st January 1938.' The various details were worked out, on the lines laid down, through a joint committee and 'the standard for the weaving rates' was introduced by agreement in February 1938."

If the principle followed by the Ahmedabad Millowners' Association is adopted, it should not be difficult to bring about uniformity in the rates of pay for identical tasks in each industry (making due allowances for variations in costs of living as between different centres), all over the country.

The Bombay Textile Labour Inquiry Committee and the Cawnpore Labour Inquiry Committee have emphasised the need of standardising wage-rates. At the request of the Bombay Millowners' Association, the Bombay Committee have prepared an elaborate scheme of Standard Rates for different occupations in the Bombay Cotton Textile Industry and have attached it to their Report. They have further suggested that the Provincial Governments should appoint a 'Standardisation Committee' for Bombay, for the purpose of working out the

details of a Standardisation Scheme, watching its operations and making suitable adjustments in it, from time to time. The task of fixing up a standard piece-rate of pay is, indeed, of a very technical nature and it is desirable to have such Committees consisting of the representatives of employers, workers and technical experts for each industry, for the purpose of drawing up an agreed scheme of Standardization for each industry. But, once the scheme is drawn up, the day-to-day function of watching the scheme and making appropriate adjustment should be left to the normal machinery, like the Labour Commissioner, in consultation with the representatives of employers, workers, and technical experts. It should be emphasised in this context that, in the interests of efficient administration of the progressive Labour Policies, the authorities concerned should try to create a simple machinery of supervision and avoid a multiplicity of committees for the purpose. Standardisation of Wage-rates would go a long way in systematizing the internal conditions in factories in India and an attempt should therefore be made by the Employers' organisations to formulate Standard Rates with the help and co-operation of the workers and the Governments concerned.

(iv) Rationalization.

Another question, which has a vital bearing on the health and efficiency of the wage-earner, is the possibility of regulating the introduction of 'Rationalization' in industry. Broadly, rationalization can be defined as the adoption of all measures which are designed to minimize waste of effort or material, to increase efficiency and to reduce costs per unit of production. The usual form, which rationalization takes, is the substitution of machines for men or efficiency-measures which involve greater amount of work per worker than before. Rationalization makes possible enormous expansion of output and reduction in the average costs of production. It is, however, opposed by the workers mainly on the following grounds: (*a*) Rationalization, in the sense of substitution of machines for men, leads to displacement of workers

and unemployment. It should, however, be remembered that, in the long run, when Labour resources released by substitution of machines for men, are absorbed in other occupations and help to augment the total output of wealth, rationalization proves a blessing from the viewpoint of the national dividend. In the short run, however, rationalization does create the problem of unemployment for the displaced Labour and it is the duty of the community to minimize the hardship by facilitating their transition from one occupation to another.

(*b*) Rationalization, in the sense of efficiency-measures, entails greater strain on the individual worker and it is urged that the introduction of efficiency-measures, which prove injurious to the health of workers, ought to be regulated by the community.

(*c*) It is often contended that the gains of rationalization, in the form of increase in output, are exclusively secured by the employer and not shared equally with the other partner in production, *viz.*, Labour, in the form of higher earnings. In this connection, it should be emphasised that the main case for the introduction of rational and scientific methods of production rests on the ground that they reduce the costs of production and cheapen the goods to the mass of the consumers. If anybody, therefore, is to gain from rationalization, it is really the mass of the consumers and not the employer or the worker. It remains true, however, that, in the short run, the employer does derive major benefits, which, to some extent, he is entitled to receive as a reward for his willingness to take the risks of introduction of new schemes of rationalization. But, it is essential for the maintenance of Peace in industry that the employer should show utmost readiness to share the gains of efficient production with his employees.

Industry in the West, particularly in countries like America and Great Britain, has made remarkable progress in the technique and mechanisation of production in the post-war years. In India, Rationalization and Efficiency-measures were recently introduced by the Cotton Textile

Industry in Bombay.* But, the Indian industries in general have yet a tremendous lee-way to make up in order to attain the degree of efficiency of the Japanese, British, and, above all, the German and the American Industry. Apart from this, in a country like India where the need for increasing national output and lowering the costs per unit of production is urgent, Rationalization is not only essential for the existence of the Indian Industry but it is an indispensable condition of its further development and progress. The Bombay Textile Labour Inquiry Committee, the Bihar Labour Inquiry Committee and the Cawnpore Labour Inquiry Committee have accepted the view that Rationalization is inevitable in the existing circumstances of India. But, to minimise the hardships arising from the introduction of rational methods, they have made several suggestions. The Bombay Committee, for example, have recommended the setting up of a Rationalization Committee, consisting of the representatives of employers and workers by the Government of Bombay for the cotton textile industry of the Province. The main function of the Rationalization Committee is to examine the effect of the proposed Efficiency Schemes on the worker's health and it is suggested that no employer should be allowed to introduce Efficiency Measures without prior approval of the Committee. So far as Rationalization, in the sense of introduction of new machinery, is concerned, it is obvious that no individual employer would be prepared to reveal his scheme to any of his brother-employers and would be inclined to regard it as one of his trade-secrets at the time of introducing it for the first time in his own mills. Rationalization Schemes of this type, therefore, cannot be submitted for the approval of such a Committee. Rationalization,

---

* " The total numbers of weavers employed in rationalized forms of working on day shift in all mills in Bombay were as follows : three-loom weavers, 685 ; four-loom weavers, 2,825 ; six-loom weavers, 509 ; and smash hands, 333. We understand that a number of automatic looms have been recently installed in Bombay ; the data furnished to us by the Labour Office for 1937 reveal 25 automatic loom weavers, all from Bombay " (Source : Page 37, Report of the Bombay Textile Labour Inquiry Committee).

in the sense of Efficiency Measures, stands on a different footing, because it is likely to affect the health of the workers, and the suggestion of the Bombay Labour Committee may prove useful in this respect. The Bombay Trade Disputes Act, 1938, requires that any scheme of rationalization (which is made a part of Schedule II of the Act) proposed by the employer must be submitted by him to the Labour Commissioner, who is authorised to consult the workers' representatives and technical experts, and to give his approval. If a Central Act, on the lines of the Bombay Trade Disputes Act, with necessary modifications, as suggested in the relevant section of this part is enacted, then, the setting up of a new machinery, as suggested by the Bombay Committee, would be superfluous.

With regard to the short-run problem of unemployment resulting from Rationalization, the Bihar Labour Inquiry Committee have made an interesting suggestion which deserves careful consideration. They have suggested that whenever the management of any particular mill contemplate the introduction of Rationalization, which would involve the displacement of moret han 10 per cent. of the Labour force of the establishment, they should be required to give three months' notice to the workers concerned, of the likelihood of their being displaced. Attempt should also be made to absorb the old hands, thus displaced, in other departments of the mills, as far as possible, and the management should be under a statutory obligation to give a retiring gratuity on the basis of a half-month's pay for each completed year's service, to the displaced workers. Provided the payment of gratuity is made obligatory in respect of such workers as have a fairly long service to their credit, this appears to be a useful recommendation.

It would appear from this discussion that, in the present stage of India's industrial development, Rationalization is essential for the stability as well as progress of Indian industries in general. In view of the short-run adverse effects of Rationalization, every industry should be required to submit their proposed Efficiency

Schemes for prior approval of the Labour Commissioner of the Province concerned, who should be authorised to give his decision after consulting the representatives of workers, employers and technical experts. There should, however, be no restriction on the freedom to introduce Rationalization, in the sense of machinery. In such cases, the possibility should be examined whether it can be made obligatory for the establishment concerned to give due notice to workers who are likely to be displaced and to grant retiring gratuity on the basis of half-month's salary for each year's completed service, to workers who have put in more than 5 years' continuous service with the same employers. Such arrangement, besides securing the advantages of Rationalization, may minimise its harmful short-run effects.

(v) Recruitment and allied problems.

An important factor which greatly influences the daily life of the worker is the system of recruitment of Labour for Industry. Although the Royal Commission on Labour recommended its discontinuance as early as 1931, the system of recruitment through an intermediary who is known by various names, in different parts of the country, such as the mistry, jobber or sirdar, is widely prevalent in most industries in India. The Bombay Textile Labour Inquiry Committee, the Bihar Labour Inquiry Committee and the Cawnpore Labour Inquiry Committee have emphasised that the essential function of a jobber is to supervise workers at work and to keep the machinery in order, and that the present powers of the jobber over recruitment and dismissal are at the root of the manifold malpractices such as bribery and corruption which are characteristic of the factory-life. The Bombay Cotton Textile Industry have made a partial effort, since 1935, to give effect to the suggestion of the Whitley Commission, that every mill should appoint a Labour Officer for recruiting its Labour force and a number of mills in Bombay have appointed Labour Officers. The present functions of the Labour Officers, however, are merely confined to the work of safeguarding the interests and

promoting the welfare of the workers and he has neither the power nor the status to act as a Recruiting Officer of the Labour force for the individual establishment. Another innovation which was introduced by the Bombay Millowners' Association was the system which is known as the Badli Control System, with a view to decasualise the daily substitute labour and to give it preference while filling permanent vacancies. The Badli Control System has been described by the Bombay Textile Labour Inquiry Committee in the following passage :—

> "Under this system every mill estimates each month the probable number of absentees in each department. The number of *badlis* enrolled is based on the figure of absenteeism on the day after pay day which is generally the day of maximum absenteeism. On the first of each month special badli cards are given to a selected number of these persons who are assigned to different departments according to their requirements. The badlis are asked to present themselves every morning at the mill when temporary vacancies are filled up from amongst them. New badlis are not employed as long as persons holding cards are available. When a permanent vacancy arises in any occupation, the senior badli fills it and gets a permanent worker's place, each substitute moving up one place in the seniority list. The cards of the badlis for whom there is no work available are initialled daily by the heads of departments. If the badlis do not attend the mills regularly, inquiries are made and a warning is given to them if no satisfactory explanation is offered. If, in spite of the warning, a badli is irregular in attendance, his card is cancelled. A record of employment, attendance and absence of each badli is maintained in a separate register from day to day. This register is helpful in selecting badlis at the end of the month when fresh cards are issued. The record is also checked in the light of the reports of heads of departments and if outsiders have been employed when holders of badli cards were available, prompt action, we are informed, is taken."

The Badli Control System, no doubt, reduces to certain extent the power of the jobber over the recruitment and dismissal of the badli (substitute) Labour, but there is substantial force in the contention that, in practice, the jobber has not been eliminated for the purpose of recruitment and yields enormous power.(1)

In Great Britain, America and many European countries, most individual establishments have well-organised Employment Departments, under a responsible officer, known as the " Personnel " Officer for recruiting their Labour force. The Personnel Officer makes the recruitment either himself or in consultation with the Manager and the heads of the departments, and the common method adopted is that of application, interview and selection. In India, the Tata Iron & Steel industry have established a well-organised Labour Bureau, under a Superintendent, for recruitment of their Labour. In some of the European-managed mills in India, a regular system of personnel management is in operation, with a well-organised Employment Office and a rigid control over dismissals is exercised by the Manager himself.(2) The majority of Indian mills, however, recruit their Labour force through the jobber or the mistri, who, as a consequence, wields enormous power over the initial recruitment and subsequent dismissal of individual workers. It is common knowledge that one of the general causes of industrial strife in the West, and more particularly in India, is the dismissal of an individual worker on alleged unfair grounds. The frequent outbreak of industrial disputes and strikes in India emphasises the fact that the question of establishment of human touch between employers and workers has become an urgent problem which deserves to be sympathetically solved by the employers. It is time that the organised Indian factories, at any rate, the more progressive and larger amongst them, created a well-organised Employment Department, under qualified Personnel Officers, to recruit the Labour force for their

---

(1) View of the Government Labour Officer, Bombay, page 338—Bombay Textile Labour Inquiry Committee.

(2) Page 17—" Problems of Industry in the East " by Harold Butler.

establishment and to supervise the dismissal, subject to the final control of the Manager. In this connection, the Cawnpore Labour Inquiry Committee have suggested that certain uniform tests of health and literacy should be adopted in recruiting labour so as to secure a better type of worker. This is a useful suggestion which deserves consideration by factories which already have or propose to create organised Employment Departments, as suggested above.

Another important proposal which has received the support of the Bombay Textile Labour Inquiry Committee, the Cawnpore Labour Inquiry Committee and the Bihar Labour Inquiry Committee, is the need for the establishment of public Employment Exchanges in important industrial centres like Bombay, Cawnpore and Jharia (the Bihar coal-fields). The main function of an Employment Exchange, properly so-called, is to serve as a link between workers seeking employment, on the one hand, and employers in need of such workers, on the other. It often happens that there is no agency which can bring together workers in search of jobs and employers in need of filling vacancies, and, as a result, the individual workers are condemned to the misery of wandering aimlessly from firm to firm in search of work. Employment Exchanges also serve as an index of the general economic position and provide valuable statistical data regarding the unemployment position in different industries. The system of Public Employment Exchanges was fully developed in England as early as 1910, and it has been extensively followed in most European countries. The nature and the function of the Public Employment Exchanges has been well described in the following passage from the Report of the *Bombay Textile Labour Inquiry Committee :—

> " The object of a Labour Exchange generally is to adjust the supply and the demand of labour by creating a machinery through which the employer and the employee would come into contact and suitable and deserving persons obtained for existing vacancies at right time. An Exchange also.....eliminates

---

* Pages 348-349.

the evil of bribery. A third use is to make statistics of unemployment available which serves as an economic barometer indicating the ups and downs of industrial fluctuations." After referring to the fact that many countries in the West and Japan in the East have resorted with success to employment exchanges and emphasizing that Japan's case is very similar to that of India because, like the jobber the "oya bun" deducted 10 to 14 per cent. of wages of men under him, the note proceeds to state: "This evil has been checked very successfully by the Labour Exchange. This could be seen from the fact that the average number of workers who applied for vacancies in the course of a single year was 60 lakhs. Similarly employers have also discovered these exchanges to be very useful and 59 lakhs vacancies were notified through the exchange in 1930 representing a 40 per cent. increase over figures of the previous year. These statistics prove that the Labour Employment Exchange is popular both with the employers and the workers. The entire system in Japan is controlled by the Central Employment Exchange Board in Tokio. The work of the exchange is co-ordinated by local exchange centres." It is, however, not merely in Japan that employment exchanges have made remarkable progress. In Europe and America also their success has been a pronounced one, especially in recent years. "The organization of employment exchanges as a gratuitous social service under public control is now part of the industrial policy of most European states and of many states outside Europe."(1)

An Employment Exchange is essentially a public institution which is organised by Government and with which representatives of Labour and employers are associated in an advisory capacity. The Exchange keeps in constant touch with workers and employers and maintains a complete list of workers seeking work and the number and nature

---

(1) "Encyclopaedia of the Social Sciences," Volume V, page 519. Quoted by Bombay Textile Labour Inquiry Committee Report.

of vacancies which employers desire to fill. Given a properly organised Employment Exchange in large industrial centres and further given the creation of a separate Employment Department in each factory, under a Recruiting Officer, who would endeavour, as far as possible, to recruit his labour through the Public Employment Exchange, Indian industry would be able to develop proper institutional channels of recruitment and get over the manifold abuses which are associated with the present system. This is a question which should be immediately taken up by Central Government who should try, in consultation and co-operation with the representatives of employers and workers, to institute a chain of systematic Public Employment Exchanges all over the country.(2)

An important aspect of recruitment of Labour, which deserves special consideration, is the position and status of what is known as 'contract labour'. Contract Labour means that, instead of directly engaging the workers, the management rely on a contractor for their labour-supply. This system is widely followed in some mills in Ahmedabad, in the mining and quarring districts of Bihar and on some railways. Insofar as Contract Labour performs the same sort of work as Labour directly recruited by the management, it is obviously unfair that such Labour should be denied the privilege and the protection of the Factories' Act and the Payment of Wages Act. The Bombay Textile Labour Inquiry Committee and the Bihar Labour Inquiry Committee have recommended the abolition of the contract system of recruitment and urged that the managements should take upon themselves the task of recruiting their own Labour force. This suggestion, if adopted, will, no doubt, conduce to more healthy and cordial relations between employers and workers. But, in view of the comparatively undeveloped state of the labour market, it is possible that the management such as those of the railways or building trades, may find it difficult to directly secure all their Labour-supply, and would have to rely

(2) The Government of India have recently established employment exchanges at Calcutta, Bombay, Ahmedabad, Cawnpore, Madras, Lahore, Nagpur, Delhi and Karachi, for placing technical personnel in suitable occupations.

on the contractors. In this connection, the Bihar Labour Inquiry Committee have made a useful suggestion to bring Contract Labour engaged in such trades within the compass of the existing Labour Code. They have recommended that all contractors who, ordinarily, employ more than 100 persons, should be compelled to take out a licence and the grant of the licence should be made conditional on fulfilment of the provisions relating to the Hours of Work and Payment of Wages of the Factories Act, 1934, and the Payment of Wages Act, 1936. They have also suggested that such Contract Labour should be brought within the purview of inspection under the Factories Act, and a contractor, who is found guilty of contravention of their provisions, should be made liable to forego his licence. The regulation of the Contract System of recruitment is an important field which requires careful investigation and suitable remedial action.

(vi) Educational Facilities :

An important factor which affects the efficiency and the earning capacity of the individual workers is the facilities which are available for acquiring the training necessary for handling the work in modern industry. Broadly, the methods which are adopted for imparting training to unskilled workers in industrial countries in the West, and more particularly in Great Britain, can be described as follows :

First, the most general method followed is to take up raw persons and to allow them to work in factories and to pick up experience in haphazard fashion by assisting and observing the other workers. It is claimed that the individuals pick up enough knowledge to serve as full-time workers, within 4 to 5 months.

Secondly, many firms in Great Britain have established the system of Initiation Schools for training juvenile workers for work in the Industry. The object of the Initiation Schools, according to Professor Richardson (Industrial Relations in Great Britain), is to make easy for young workers the transition from school to factory life. The system has been introduced by several large firms

which recruit a considerable number of juveniles when they become available for employment at the end of each school term. Instead of being put immediately to work in a department, the first few days or even the first week of employment is spent in classes ; instructions are given about the works and industrial life ; a tour of the works is made ; an account is given of the sources of raw materials used and the chief processes are explained ; a description is given of the organisation of the works and the rules regarding safety precautions against accidents and the welfare activities, in which the worker is entitled to participate, are explained. Use is made of cinematograph for purposes of illustration. The young or juvenile persons are then gradually absorbed in the industry as full-fledged workers.

Another variant of this method is to provide instructional workshops, equipped with machines, on the factory premises and to teach new workers the processes in such training rooms instead of the factory proper. The practical training in these workshops is supplemented by theoretical instruction given in classes held on the factory premises.

Thirdly, the most common method is the system of apprenticeship or learnership. A new recruit is attached to a skilled worker and by assisting and observing his work during the period of his apprenticeship, he learns the technical processes involved in the occupation. Sometimes more systematic instruction through technical classes held in the factory are given to the apprentices.

Lastly, the system of scholarships, to enable suitable workers to attend technical schools and colleges, is also followed.

In contrast to the various methods described above, the most common method followed in India is that of taking in raw persons and allowing them to pick up whatever experience and training they can, by assisting and observing other workers at work. No systematic attempt has yet been made to give proper and thorough training

to persons recruited as workers in the industry. The question of the training of industrial workers in India is essentially of a two-fold nature. The first and foremost kind of training, that the mass of the industrial workers require, is primary education which would equip them with a minimum literacy to intelligently follow the technical processes involved in the work in a modern factory. Some mills in India, like the Tata Iron and Steel Co., the Buckingham and Carnatic Mills, the Delhi Cloth and General Mills, etc., have made a pioneer attempt to provide free primary education for the children of their work-people. But, in all civilised countries, the duty of educating the mass of the population of a country is recognised to be a primary responsibility of the public authority. The most fruitful direction in which both the Central and Provincial Governments can direct their combined energies, is in establishing a system of compulsory and free primary education for the mass of the people. But, apart from this, the question which is most relevant to the training of the industrial worker is the provision of adequate facilities for vocational training in important centres of industry within the country. The paucity and virtual absence of adequate facilities for vocational training has been emphasised by several Commissions of Inquiry in the past and has been reiterated by the Bombay Labour Inquiry Committee, the Cawnpore Labour Inquiry Committee and the Bihar Labour Inquiry Committee. The employers, particularly the more enterprising amongst them, should try to emulate the example of their counterparts in the West, as adequate and systematic training of their workers is bound to redound to their own advantage, in the long run. But the fact remains that it is primarily the duty of the State to create adequate number of technical schools and colleges to give vocational training and equip the population for work in the industrial and commercial life of the country.[1] This question raises several important issues and has been examined at greater length in the next part.

---

[1] A notable step in this matter has been taken by the Government of India in the inauguration of the Technical Training Scheme and also the Bevin Training Scheme which are described in the last part.

III

Proposals relating to Industrial Disputes and the Maintenance of Peace in Industry.

The second set of problems, which has received considerable attention in recent years, is the necessity of setting up a more effective machinery for conciliation and settlement of industrial disputes. Peaceful relations in industry are essential both for the development and progress of industry as well as the welfare and the improvement of the condition of the wage-earner. The disturbance of industrial peace, through recurrent outbreak of strikes is a common feature of modern industrial life. But, constant stoppages of work cause great injury to the national dividend by the loss of working hours and output which they occasion and also embitter the relations between the two partners to production, *viz.*, capital and Labour. The policy of the enlightened Governments is, therefore, designed to minimise the causes of industrial strife and to set up adequate conciliation machinery, with a view to preserve continuity of production and maintain such harmonious relations among the parties to production as will conduce to maximum productivity.

The right of Labour to organise and to strike for the defence and the furtherance of its legitimate interests is recognised in all democratic countries in the world. Right to strike, however, is not absolute, under all circumstances, and, in many countries, direct or indirect limitations exist on its exercise, in actual practice. Broadly, these limitations are as follows :—

(*a*) The existence of a disciplined and powerful Trade Union Movement acts as a deterrent on hasty resort to strikes and makes it the last than the first weapon in the armoury of the working classes. In Great Britain, the decision to go on strike is taken by the trade unions by a majority vote of the workers concerned, through secret ballot, which narrows down its application to only such

disputes as cannot be settled by ordinary avenues of conciliation.

(*b*) Political and general strikes apart, the main objective of strikes, in the ordinary sense, is to secure redress of particular grievances or more satisfactory conditions or terms of employment through organised withdrawal from work. The weapon of strike is regarded by Labour as an essential set-off against the unfettered control of the private employer over industry under capitalism. But, if the State intervenes in the economic field and regulates the unlimited discretion of the employer in settling the conditions of employment, then, there is every justification for the State to restrict, to a certain extent, the right of Labour to strike and to compel it to make full use of the Conciliation machinery for the settlement of disputes. This is one of the principles (apart from the inconvenience which the stoppage of work means in such services) which underlies the making of strikes, without notice, illegal in public utility services in which the State is the employer, and, as such, is responsible for the conditions of employment. Countries like Australia and New Zealand, where the Government exercise a thorough-going control over industrial relations, have, as a logical corollary, prohibited strikes and lock-outs and established a system of compulsory Arbitration. In Canada, the Industrial Disputes Investigation Act, 1907 (as revised by the Dominion Act of 1927) forbids strikes or lock-outs in mines and public utility industries until after a Board of Conciliation and Investigation, consisting of one representative of each party to the dispute, and a third chosen by these two (or, failing agreement, appointed by the Minister) has made its report. The principle underlying the original Dominion Act, *viz.*, compulsory Arbitration, was recently applied by some of the Canadian States to all industries within the States. (1)

---

(1) Page 430—" Organised Labour in four Continents " by Marquand and Others.

In U.S.A., the War Labour Disputes Act was passed in June 1943 which empowers the President to seize essential undertakings in which there is an interruption of work and strengthens the powers of the National War Labour Boards to prevent threatened disputes.

In India, the right of workers to organise and to strike for the defence of their legitimate interests was recognised under the Trade Union Act, 1926. The occurrence of strikes is, however, a very common phenomenon in the Indian industrial life. The absence of a powerful and organised Trade Union Movement directly contributes to hasty and ill-advised strikes in matters which could be amicably settled if a proper machinery were at hand. The following table gives the number of strikes and the loss of working hours involved during the last twelve years.

Year.	Number of disputes.	Number of workpeople involved.	Number of working days lost.
1930	148	196,301	2,261,731
1931	166	203,008	2,408,123
1932	118	128,099	1,922,437
1933	146	164,938	2,168,961
1934	159	220,808	4,775,559
1935	145	114,217	973,475
1936	157	169,029	2,358,062
1937	379	647,801	8,982,257
1938	399	401,075	9,198,708
1939	406	409,189	4,992,795
1940	322	452,539	7,577,288
1941	359	291,054	3,330,503
1942	654	820,495	5,293,027

Under these circumstances, it becomes a vital responsibility of the State to intervene and to provide adequate machinery for peaceful settlement of industrial disputes. The Trade Disputes Act, 1929, was the first effort in that direction. It authorised the Central Government and Provincial Governments to set up Boards of Conciliation to settle a dispute when it existed or was apprehended. It also limited the right to strike, without giving notice, in public utility concerns, and rendered general and sympathetic strikes illegal. The Trade Disputes Act, 1929, no doubt, provided a useful machinery and many important disputes were investigated through the Courts of Inquiry or Boards of Conciliation appointed under the Act. The

Act, however, suffers from the two following drawbacks which greatly diminishes its utility in actual practice:

First, while vesting theoretical power to appoint Boards of Conciliation in the Central and the Provincial Governments, there is no obligation whatever, under the Act, on the part of Government, to appoint a Board of Conciliation in every single dispute, so that, despite the existence of the powers to set up a conciliation machinery, preventible strikes and the consequent avoidable hardship to workers are allowed to occur.

Secondly, there is no provision under the Act to attempt conciliation at an earlier stage of a dispute when the chances of bringing about a settlement are relatively greater than its actual occurrence.

The Trade Disputes Act, 1929, is the only legislation on the subject which at present applies to the country as a whole.[1] The Government of Bombay tried to remedy the defects of the Act by two successive pieces of legislation, *viz.*, The Bombay Trade Disputes and Conciliation Act, 1934, and The Bombay Industrial Disputes Act, 1938. The Bombay Trade Disputes and Conciliation Act, 1934, authorised the Government to appoint Conciliation Officers who were empowered to institute conciliation proceedings, on application or on their own initiative. It further provided for the appointment of a Government Labour Officer to watch the interests of workers and promote harmonious relations between workers and employers. The Act thus remedied the second defect of the Trade Disputes Act, 1929, *viz.* the absence of an agency to attempt conciliation at an earlier stage of a trade dispute. Besides remedying the first defect, *viz.* the absence of obligation on the part of Government to refer every dispute to the conciliation machinery, the Bombay Industrial Trade Disputes Act, 1938, radically altered the existing conciliation machinery, so far as the Province of Bombay was concerned. Although the Act had a stormy passage through the Legislature, the underlying principle of the Act is essentially sound and the Act contains a number of other salutary provisions. The distinctive features of the Bombay

1. See foot-note (3) on page 113.

Industrial Trade Disputes Act, 1938, which merit consideration, are as follows :—

(*a*) The Act authorises the Government to regulate the unfettered freedom of the employer to prescribe conditions of employment, and to settle these conditions after consulting the wishes of the workers. After the coming into force of the Act, every employer is required to submit the Rules which regulate his relations with the workers in matters mentioned in Schedule I, which, broadly, can be described as the " Service Rules ", and the Labour Commissioner is authorised to settle these Rules after consulting the Labour's representatives, subject to an appeal to the Industrial Court. This is a radical departure from the existing practice, because it means the introduction of the democratic procedure of discussion in the settlement of the Service Rules applicable within a factory. It should be remembered in this context that, with the exception of the Bombay textile mills, a uniform set of Service Rules or Standing Orders have not been followed in any other industrial centre in India. The Bihar Labour Inquiry Committee and the Cawnpore Labour Inquiry Committee, have emphasised the desirability, on the part of the employers, to adopt a uniform set of rules which should govern the conditions of employment and service within a factory. As the Bihar Committee put it, under such arrangement the ' arbitrary will of the employer will be replaced by open, agreed and approved rules of employment ; lack of system which prevails in many establishments, today, will give place to order and regularity ; industry will take on the character of a public service rather than continue to be a purely private affair.' The most important merit of the provisions relating to the settlement of the Standing Orders and the method of effecting a change in these Orders, under the Bombay Act, is that, by giving a voice to the workers, in an indirect way, in the determination of the conditions under which they work, it seeks to remove one of the important causes of industrial discontent and strife.

(*b*) Having limited the freedom of the individual employer to settle the conditions of employment, the Act logically seeks to compel Labour to postpone their right

to strike pending investigation and conciliation, through the prescribed machinery, of the dispute in question. The employer or workers in an industry, to which the Act is made applicable, are required to give notice to the other party of any change contemplated by them in matters affecting their relations, which are grouped under Schedules I and II of the Act, and to send a copy of the proposed change to the authorities appointed by Government, under the Act. On receipt of such notice, the authority concerned, *viz.*, the Labour Commissioner, is required to put the conciliation machinery in motion, and any strike or lock-out, before the conciliation proceedings are over, is held an offence, punishable by heavy fines. The primary object of the Bombay Act is to introduce the principle of compulsory Conciliation, before the parties to a dispute resort to extreme methods. It also effectively prevents resort to hasty and lightning strikes, which, besides causing severe hardship and privations to ignorant workers, often result in failure.

(*c*) The Act contains a number of provisions which are designed to promote the development of Trade Unions on healthy and sound lines. It makes victimization of a worker by the employer for legitimate Trade Union activities an offence punishable by fine, and thus seeks to eliminate one of the common causes of industrial strife. The most notable feature of the Act, in regard to the position of Trade Unions, is that, without compelling the employers to recognise ' Trade Unions', by law, it achieves one of the important purposes for which such recognition is sought, *viz.* require the employers to deal with the workers' representatives on all matters (as grouped in Schedules I and II) in respect of their mutual relations. Under the Act, the workers can express their views about the Standing Orders or appear in the conciliation proceedings, through their representatives, who may be the Registered Union, the Representative Union, the Qualified Union or the Labour Officer, according to the circumstances of each dispute.

The Bombay Act is, however, not free from defects. For example, the period of conciliation, which is ordinarily to be two months, and which, under certain circumstances,

can be extended to four months, is rather excessively long. It will conduce to more harmonious relations if the prescribed period is shortened so that any threatened dispute could be resolved within the shortest possible time. Clearly as the Balfour(1) Committee on Trade and Industry in Great Britain emphasised, no Board of Conciliation would be justified in reporting or deciding a dispute without adequate and full investigation. Subject to the power to extend the time in particular cases, it remains true, however, that no effort should be spared to shorten, by all practicable means, the period between the decision to refer a matter to the Board of Conciliation and the settlement of the dispute or the publication of its report. (1)

Another defect is that although the elaborate machinery of Conciliation under the Act may be suited for the settlement of major disputes, it appears to be too cumbersome and time-consuming for resolving minor issues. Both employers and Labour would find it inconvenient to invoke the aid of such elaborate machinery in deciding minor individual grievances. Clearly, the Act does not preclude mutual agreement between the employer and the worker on such minor questions. One possible remedy would be to increase the powers of the Labour Commissioner and to authorise him to act as a Court of Law in all matters which are grouped in Schedule I. This suggestion is, however, open to serious objection. The Act invests so extensive powers of regulation of industrial life on the Government that it is only fair for the employers to urge that any dispute about the use of these powers should not be decided by a person below the status of a High Court Judge. To meet this defect, the Bombay Textile Inquiry Committee have suggested the creation of special Labour Courts for the purpose of resolving minor issues. It is, however, desirable to avoid a multiplicity of agencies and to make the administrative machinery as simple as possible. The supporters of the Act have emphasised that the very elaborateness of the machinery would lead workers and employers to reach, as far as possible, voluntary agreements on all minor questions rather than seek the aid of

(1) Page 117—"Final Report of the Committee on Industry and Trade."

the machinery and thus promote a healthy development. Sufficient time has not yet elapsed since the passing of the Act and until enough experience is gained about its working in actual practice, no change appears to be called for.

The enactment by the Government of Bombay of such a bold and radical piece of legislation, as the Bombay Industrial Disputes Act, 1938, focussed public attention on the defects of the Trade Disputes Act, 1929, and emphasised the desirability of passing a Central legislation embodying the main features of the Bombay Act. The Government of Madras and the Government of U.P. had under contemplation the enactment of a Trade Disputes legislation, which was similar to the Bombay Industrial Trade Disputes Act, 1938. This question was considered by the First and Second Labour Ministers' Conferences held in New Delhi in January 1940 and January 1941.

The Bihar Labour Inquiry Committee also have made a similar recommendation. While suggesting that the employers or the workers should be required to give 14 days' notice to the other party and the Government, the Bihar Committee have emphasised that the Conciliation machinery should finish its work and either settle the dispute or publish its report within 14 days.

The regulation of the conditions of service within the factory, safeguarding the worker from victimization, requiring the employers to deal with the Organization of Workers in Conciliation proceedings, the obligation on Government to attempt conciliation in each dispute and postponing the right to strike during the pendency of the Conciliation proceedings are the distinctive features of the Bombay Act which provide the essential frame-work, of a Central Legislation for creating a more effective machinery of Conciliation of industrial disputes. But, while examining the possibility of enacting a Central Trade Disputes Act, on the lines of the Bombay Act (with necessary modifications), it must be borne in mind that all the above provisions of the Bombay Act are closely inter-linked with each other and an attempt to separate them or omit any of these provisions would seriously undermine the value of

the Act either in the eyes of the employer or Labour. There is no denying the fact that Labour attach great value to their right to strike and could reconcile themselves to some restrictions on this right only if they get, in return, certain real privileges and protection such as a voice in the determination of the Standing Orders or freedom from victimization, on the lines of the Bombay Act. Under the Standing Orders settled by the Labour Commissioner, as provided in the Bombay Act, Labour has received a valuable safe-guard in systematising the manner of dismissal and the right of appeal, as will be seen from the following Standing Order :—

" 22. (*i*) An operative may be suspended for a period not exceeding four days or dismissed without notice or any compensation in lieu of notice if he is found to be guilty of misconduct.

" The order of suspension shall be in writing and may take effect immediately on communication thereof to the operative. Such order shall set out in detail the alleged misconduct and the operative shall be given an opportunity of explaining the circumstances alleged against him. If on enquiry the order is confirmed or modified, the operative shall be deemed to be absent from duty for the period of suspension and shall not be entitled to any remuneration for such period. If, however, the order is rescinded, the operative shall be deemed to be on duty during the full period of suspension and shall be entitled to the same wages as he would have received if he had not been suspended.

" No order of dismissal shall be made unless the operative concerned is informed in writing of the alleged misconduct and is given an opportunity to explain the circumstances alleged against him.

" In awarding punishment under this Standing Order the Manager shall take into account the gravity of the misconduct, the previous record, if any, of the operative and any other extenuating or aggravating circumstances that may exist.

"(*ii*) A copy of the order made by the Manager shall be supplied to the operative concerned." (1)

On the contrary, employers cannot legitimately be expected to allow the State to intervene in the economic field and regulate their freedom, unless they are assured security from the loss occasioned by lightning strikes. It is interesting to note that the Employers' organisations recognise the fact that regulation of the conditions of employment is an integral part of any legislation which seeks to curtail the workers' right to strike, as will be seen from the following quotation :—

"Provisions analogous to those of the Bombay Act, regarding standing orders and changes in standing orders should be included in the Act."(2)

It will be clear from the foregoing analysis that in view of the comparatively slow development of organised Trade Union Movement and the recurrence of avoidable disputes, which impose unnecessary hardship on the illiterate workers in the country, it is of utmost importance that the Central Government should explore the possibility of enacting a Central Legislation on the subject, on the lines of the Bombay Act.(3) It is hardly possible to define

(1) Page 356—The Bombay Textile Labour Inquiry Committee Report.

(2) Item No. 5 of the Summary of views expressed by representatives of the All-India Organization of Industrial Employers and the Employers Federation of India at their meeting with the Honourable Member incharge of Labour at Calcutta on 6th January 1941. (Page 11 of Proceedings of the Second Conference of Labour Ministers).

(3) Rule 81A of the Defence of India Act was promulgated in January and amended in May 1942. This empowers the Central Government to prohibit strikes or lock-outs in connection with any trade dispute, to require employers to observe specified terms and conditions of employment for a given period and to refer a dispute for conciliation or adjudication. A general order passed under this rule in March 1942 prevents any person in an undertaking from going on strike without giving 14 days' clear notice to the employers within one month before striking and where a dispute is referred for conciliation or adjudication the worker is prevented from going on strike until the expiry of two months after the conclusions on such a reference. These powers are exercisable concurrently by the Provincial Governments.

precisely the contents of this legislation but certain general features can be indicated. Such legislation should make the giving of 14 days' notice to strike or lock-out to either party, and to the Government, compulsory on the workers and the employers. On receipt of such notice, the Government should be under statutory obligation to put the Conciliation Machinery in motion which should be required to report or settle the dispute within a minimum period of not more than a month, with proviso that the time may be extended with the consent of the parties to the dispute. The Provincial Governments should be authorised to settle, through their Labour Commissioners, all the rules affecting the conditions of employment, by way of Standing Orders, after consulting the interests concerned. The Act should also embody provisions for voluntary arbitration, provided both the parties agree, in writing, to refer the dispute to Arbitration.

An important gap in the Indian Legislation is that it does not contain a proper definition of 'peaceful picketing', and such Act should incorporate a suitable definition, on the lines of the British Trade Disputes Act. It should further contain provisions preventing victimisation of the worker, either on the lines of the Bombay Act or on the lines of the following clauses of the National Labour Disputes Act of the United States of America :—

"Section 7.—Employees shall have the right to self-organisation, to form, join, or assist labour organisations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities for the purpose of collective bargaining or other mutual aid or protection.

"Section 8.—It shall be an unfair labour practice for an employer—

(1) To interfere with, restrain, or coerce employees in the exercise of the rights guaranteed in Section 7.

(2) To dominate or interfere with the formation or administration of any labour organisation or contribute financial or other support to it :

Provided that subject to rules and regulations made and published by the Board pursuant to Section 6 (*a*), an employer shall not be prohibited from permitting employees to confer with him during working hours without loss of time or pay.

(3) By discrimination in regard to hire or tenure of employment or any term or condition of employment, encourage or discourage membership in any labour organisation : Provided, that nothing in this Act, or in the National Industrial Recovery Act, (U.S.C. Supp. VII, title 15, Sections 701—712), as amended from time to time, or in any code or agreement approved or prescribed thereunder, or in any other statute of the United States, shall preclude an employer from making an agreement with a labour organisation (not established, maintained, or assisted by any action defined in this Act as an unfair labour practice) to require as a condition of employment membership therein, if such labour organisation is the representative of the employees as provided in section 9 (*a*), in the appropriate collective bargaining unit covered by such agreement when made.

(4) To discharge or otherwise discriminate against an employee because he has filed charges or given testimony under this Act.

(5) To refuse to bargain collectively with the representatives of his employees, subject to the provisions of Section 9 (*a*). (1)

Given willingness and good-will on the part of employers, workers and State, to regularise the conditions of employment in industry, and to set up a method of peaceful change of those conditions, India can lead the way in introducing legislation embodying the principle of Compulsory Conciliation, with a view to ensuring Peace in Indian Industry and promoting further improvement in the condition of the Indian wage-earner."

---

(1) Pages 254-255—Report of the Bihar Labour Enquiry Committee.

IV

Proposals relating to Workers' Organisations and their Privileges.

The third set of problems, which has received considerable attention, in recent years, relates to the status and the position of Workers' Organisations. The right of Labour to organise and collectively bargain for the furtherance of their legitimate interests has now been fairly well established in most progressive industrial countries such as U.S.A., Great Britain, France, Australia, New Zealand, Sweden and so on, and an organised Trade Union Movement has become an integral part of the institutional frame-work of democratic capitalism. The strength and development of Labour Movement, however, differ from country to country. In countries, like New Zealand, where there is a long tradition in favour of State action for the protection of Labour, the Movement has made comparatively slow progress. On the other hand, countries like France and Great Britain have developed powerful working-class Movements and the membership of the British Trade Unions had, at one time, attained a record figure of 8 million, as will be seen from the following* :—

Number and Membership of Trade Unions in Great Britain and Northern Ireland at the end of years 1900, 1913, 1920, 1925, *and* 1930 *to* 1936.

Year.	No. of Unions.	Membership.		
		Males.	Females.	Total.
		in thousands.		
1900	1,323	1,868	154	2,022
1913	1,269	3,702	433	4,135
1920	1,384	7,006	1,342	8,348
1925	1,176	4,671	835	5,506
1930	1,122	4,049	793	4,842
1931	1,109	3,859	765	4,624
1932	1,082	3,699	745	4,444
1933	1,082	3,662	730	4,392
1934	1,065	3,854	737	4,591
1935	1,054	4,105	763	4,868
1936	1,041	4,506	802	5,308

* Page 53—" Industrial Relations in Great Britain."

In India, the Trade Union Act, 1926, gave a legal and corporate status to trade unions and invested them with immunity from civil and criminal liability in respect of strikes. Under the Act, any seven persons can apply for registration as an Association, for legitimate Trade Union purposes. The only restrictions on such Registered Unions are :—

(1) They are required to annually send reports, showing all changes of office-bearers made during the year, with a copy of the Rules, corrected up-to-date, and to submit their accounts, duly audited, to the Registrar of Trade Unions.

(2) Fifty (50) per cent. of the executive of such Unions must be filled by persons belonging to the trade or industry.

Such Registered Unions are also allowed to build a separate political fund for carrying on political activities on behalf of their members.

Apart from the figures in the Census Report, 1931,* accurate up-to-date figures of the total number of persons employed in organised industry (including small establishments and trades), agriculture, commerce, distributive trades, etc., are not maintained in India. Certain figures, however, can be separately obtained from Reports like the Working of the Factories Act, Mines Act, and so on. The following table gives the total number of persons employed in factories, mines, and railways, on 31st December, 1940 :—

Industries.	No. of workers employed.
Cotton, Silk and Woollen Mills ..	506,264
Jute Mills	303,777
Engineering Workshops	70,043
Railways including Railway Workshops	666,125
Mines	328,196
Others—Miscellaneous	853,567
Total ..	2,727,972

* See footnote on next page.

*Occupation.	No. of workers (in lakhs).	Percentage of total workers.	No. of non-working dependants (in lakhs).	Total maintained (in lakhs).	Percentage of total population.
I. Exploitation of Animals and Vegetation	1,033	67·1	1,315	2,348	67·0
II. Exploitation of Minerals ..	3	·2	2	5	·1
III. Industry	154	10·0	188	342	9·7
IV. Transport	23	1·5	30	53	1·5
V. Trade	79	5·1	109	188	5·4
VI. Public Force	8	·6	9	17	·5
VII. Public Administration	10	·7	18	28	·8
VIII. Professions and Liberal Arts ..	23	1·5	36	59	1·7
Miscellaneous (Persons living on their income, Domestic Service, Insufficiently described and Unproductive Occupations)	205	13·3	261	466	13·3

Source : Page 276—" Census of India, 1931, Vol. I—India, Part I—Report by J. H. Hutton.

Adding to the above figure, the estimated number of one million of plantation workers, the total number of persons employed in organised branches of industry for which figures are available comes to approximately 37 lakhs. According to the latest figures, the number of Trade Unions and their total membership, during the last 14 years, are shown in the table below :—

TABLE I

(Source : Official Labour Statistics).

Year.	Number of registered trade unions.	Number of unions from whom returns under the Act were received.	Total membership of the unions shown in column (3).	Average membership per registered union.
1927-28	29	28	1,00,619	3,409
1928-29	75	66	1,81,077	2,414
1929-30	104	90	2,42,355	2,693
1930-31	119	106	2,19,115	2,067
1931-32	131	121	2,35,693	1,943
1932-33	170	147	2,37,369	1,615
1933-34	191	160	2,08,071	1,300
1934-35	213	183	2,84,918	1,557
1935-36	241	205	2,68,326	1,309
1936-37	271	228	2,61,047	1,145
1937-38	420	343	3,90,112	1,137
1938-39	555	394	3,99,159	1,013
1939-40	667	450	5,11,138	1,136
1940-41	711	483	5,13,832	1,064

TABLE II.

Branches of Industry.	1939-40.		1940-41.	
	No.	Member-ship.	No.	Member-ship.
1. Railway (including railway workshops and other transport excluding Tramways).	86	1,79,381	99	1,71,572
2. Tramways	7	6,080	5	5,669
3. Textiles	85	1,36,931	87	1,54,867
4. Printing Presses	32	11,890	27	8,450
5. Municipal	37	19,546	33	23,037
6. Seamen	8	52,742	9	20,036
7. Docks and Port Trusts ..	23	23,465	21	25,036
8. Engineering	20	6,768	28	9,547
9. Miscellaneous	152	74,335	174	95,618
Total ..	450	5,11,138	483	5,13,832
Number of women members ..		18,612		16,977

It will be clear from these statistics that, despite the privileges conferred by the Trade Union Act, the progress of Trade Unionism, in India, has been far from satisfactory. Clearly, mere statutory privileges cannot legislate the working-classes in a country into Trade Unionism. The success of the task of organizing the working-classes depends, in the main, on the possibility of eradicating the root causes, which hamper its development, and building up the strength of the Organization from within. The development of a sound and organised Trade Union Movement is, essential for securing peaceful and progressive collaboration between employers and workers which is ever so vital to the well-being of the worker and the prosperity of the industry. The experience of working-class Movements elsewhere in the world has abundantly shown that the only effective and powerful instrument in the hands of Labour, for safeguarding their interests, is the development of their own organised and collective strength. Once the public conscience is aroused and the

moral sense of the community demands the redress of the legitimate grievances of Labour, the only alternative to a powerful Trade Union Movement for satisfying such demand is constant and far-reaching intervention by the State in the industrial field. It is common knowledge that such intervention increases the rigidity of industrial relations and can never serve as a substitute for the flexible arrangements which result from voluntary and collective agreements between the workers and the employers. It has been increasingly recognised by a growing body of employers in India, in recent years, that a sound Trade Union Movement is an asset rather than a liability to the industry. It is of utmost importance, therefore, that the State, the employer and the worker should endeavour to create conditions for a rapid and vigorous development of Trade Unions on essentially sound and healthy lines.

The appalling illiteracy, ignorance and apathy of the workers and the extreme lowness of their earnings, which renders even a small Trade Union subscription a burden to them, are the foremost causes of the slow growth of the Trade Union Movement in India. Apart from this, the Trade Unions themselves are also, to a certain extent, responsible for the slow development. There are, no doubt, a number of organisations which are run on sound principles and are rendering valuable service to workers, notably the Ahmedabad Textile Labour Association, whose record of work is probably unequalled by any other Trade Union in India. The present membership of the Association is in the neighbourhood of 24,000 and its work covers such positive services as the maintenance of a hospital (with a special Maternity Ward attached to it) ; provision of educational facilities ; social centres ; Reading Rooms, Libraries and Physical Culture centres. It also gives legal aid to the workers and has successfully negotiated in a number of disputes with the Ahmedabad millowners on behalf of the workers.(1) Despite such admirable examples, however, the functions of a large number of Trade Unions in India are so limited that, by and large, they serve as " Strike Agencies." It should be borne in mind

(1) Pages 159-160—" Industrial Worker in India " by B. Shiv Rao.

in this connection that before the State took over the responsibility of insuring the workers against the risk of unemployment, old-age, and sickness, the British Trade Unions used to provide such Benefits to their members which created and sustained a positive interest amongst the members in the growth and development of their Organization. Clearly, the utility of an organization cannot be fully appreciated by its members unless it is found to be serviceable to them in actual practice. It is of utmost consequence to the future of Indian Trade Unionism, therefore, that it should extend the scope of its activities to fields where they can render positive service to the working-classes such as the organization of Consumers' Co-operative Stores, Co-operative Housing ; Adult Education, and so on, which offer promising lines of development. There is, however, no denying the fact that so long as the majority of the Trade Unions do not get ample opportunities of constant collaboration with the employers in settling the conditions of work, they can hardly hope to secure wide support and create active interest amongst the working-classes. The realization of this fact has brought to the fore-front of the discussion the two-fold question : (1) the victimisation of the worker and (2) the compulsory recognition of the Trade Unions.

(1) *Victimisation of the Worker :* Once the need of a healthy and sound Trade Union Movement is recognized by the employers, it is necessary that the worker should be free from the fear that he would be liable to dismissal or suffer in any way, on account of his Trade Union activities. *The best way to achieve the objective would be to include a provision, prohibiting " victimization " of a worker for his Trade Union activities, on the lines of the Bombay

---

* That this has been realized by the employers would be seen from the following passage :—

" (8) Both intimidation and victimisation of workers should be made illegal." (1).

(1) From " the Summary of views expressed by representatives of the All-India Organization of Industrial Employers and the Employers Federation of India at their meeting with the Honourable Member incharge of Labour at Calcutta on the 6th January 1941 "—Page 11-12—Proceedings of the Second Conference of Labour Ministers.

Act, in either the existing Trade Union Act, by a suitable amendment, or in a Central Trade Disputes Act, as suggested in the previous section.

(2) *Compulsory Recognition of Trade Unions :* The question of the compulsory recognition of Trade Unions, by law, however, raises certain difficult and complex issues. Recognition of a Trade Union means that the employer is prepared to negotiate and enter into binding arrangements with the Trade Union on all matters relating to his employees. Recognition, thus, confers special status and privileges on the Union concerned. Clearly, status and privileges imply corresponding duties and obligations, and hence, the employers are reluctant to accord recognition unless the Union in question fulfils certain conditions. Broadly, these conditions are as follows :

(i) First, it is argued that the Trade Union must dissociate itself from the ideology of class-struggle and accept the ideal of class-collaboration. The British Trade Union Movement, which is by far the most organised Movement in the world, has, accepted the principle of class-collaboration, at any rate, after 1927-28, as will be clear from the following passage :—

> " In 1928 the General Council made a report to the annual meeting of the Trades Union Congress which is an illuminating summary of the opinions held within the unions since the War and a guide to the understanding of the policy which has been followed since the failure of the General Strike. The arguments of the report follow closely the lines of an article published nine months before by Mr. (now Sir) Walter Citrine, who had become Secretary to the Congress towards the end of 1925.
>
> ' Broadly speaking ', says the report, ' there were three possible lines of policy open to the Trade Union Movement. The first was to say, frankly, that the unions will do everything possible to bring the industrial machine to a standstill, to ensure by all possible means the breakdown of the entire system, in the hope of creating a revolutionary situation on the assumption that this might be turned

to the advantage of the workers and to the abolition of capitalism. That policy the Trade Union Movement has decisively rejected as futile, certain to fail, and sure to lead to bloodshed and misery.

The second course was one of standing aside and telling employers to get on with their own job, while the Unions would pursue the policy of fighting sectionally for improvements. The objections to this course are that it is entirely inconsistent with the modern demand for a completely altered status of the workers in industry, and that it is a futile policy, a confession of failure, for unions to say that they are going to take no hand in the momentous changes that are taking place in the economic life of the nation.

The third course is for the Trade Union Movement to say boldly that not only is it concerned with the prosperity of industry, but that it is going to have a voice as to the way industry is carried on, so that it can influence the new developments that are taking place. The ultimate policy of the movement can find more use for an efficient industry than for a derelict one, and the unions can use their power to promote and guide the scientific reorganization of industry as well as to obtain material advantages from that reorganization.'

From 1920 to 1926 the trade union movement was uneasily shifting between the first and the third of these policies. Once or twice in 1919 and 1920 events seemed likely to push the movement into choosing the first. In 1926 it might have seemed to outside observers that it had been adopted, though, as has been shown above, there was no real ground for such a belief. After 1926, and continuously since, the third policy has completely dominated the movement. The second still represents the instinctive attitude of large masses of ordinary members of the unions but —except perhaps in some of the smaller craft societies —it has little attraction for the leaders." (1)

(1) Pages 159-160—" Organized Labour in Four Continents "— Marquand and Others.

Despite this fact, however, there is substantial force in the argument advanced by the Bombay Textile Labour Inquiry Committee, that registration under the Trade Union Act, 1926, should be held sufficient to entitle a Trade Union to be treated as a lawful association of workers which exists to promote the improvement in the condition of the wage-earner, by all constitutional methods. The views of individual members of an organization should not, therefore, debar it from being treated as a Union eligible for recognition, so long as it satisfies the conditions under the Trade Union Act, 1926.

(*ii*) Secondly, it is urged that the Union should not resort to strike without exploring all the avenues of peaceful settlement of the dispute in question. If a Central Trade Disputes Act, embodying the principle of Compulsory Conciliation and the postponement of the right to strike during the pendency of the Conciliation proceedings, on the lines of the Bombay Act, is enacted in the near future, then, this condition would be automatically satisfied.

(*iii*) Thirdly, it is suggested that the Trade Unions should adopt the convention followed by the British Trade Union Movement, not to resort to strike without taking a vote of its members through secret ballot, in which three-fourths of the total votes are cast, and the decision is approved by one-half of the votes taken. The resources of even the best organized trade union in India are not adequate to meet the cost of recurrent strikes and the above suggestion would prove useful in that it would protect the worker from the misery and hardship, consequent on hasty and ill-advised strikes.

(*iv*) Lastly, it is insisted that the Trade Unions should have at least a prescribed minimum membership, such as 50 per cent. of the workers in the industry or occupation concerned, and the executive of the Union should mainly consist of such workers. Most of the Committees which have inquired into the progress of Trade Union Movement in India have come to the conclusion that, in view of its comparative infancy, it would have to rely on

outside assistance for a long time to come and the condition of a prescribed large percentage of membership would be detrimental to its further development.

It would be clear from the foregoing analysis that the differences between employers and workers on the question of the compulsory legal recognition narrow down to two points, *viz.* (1) the representative character of the Trade Union and (2) the presence of the outsiders on the executive. Given a strong Trade Union Movement, the industrial employers are compelled to accord recognition by its very inherent strength, as has happened in Great Britain where the issue of recognition has occasioned many a struggle, particularly in the coalmining industry, and has now been settled in favour of the working classes. In France, compulsory recognition of the Trade Unions was a part of the comprehensive Social Reform Legislation which was undertaken by the Socialist Government under Blum, since 1936. In U.S.A. the National Labour Relations Act, 1935, seeks to enforce recognition of Trade Unions, on individual employers.

In India, the *Bihar Committee have recommended that recognition to trade unions, in all cases, should be given on the following conditions :—

(1) It is registered (under Trade Union Act, 1926) and, therefore, is expected to conduct its business in a legitimate manner ;

(2) It has been in existence for at least six months and has, therefore, shown a certain degree of stability.

(3) It has a minimum membership of at least 5 per cent. of the total Labour force of the establishment and, therefore, can be assumed to have some influence on the workers and the establishment.

The Jayratanam Textile Labour Inquiry Committee in C.P. and Berar have recommended legislation for recognition of trade unions which comply the following requirements :—

---

* Bihar Committee Report, page No. 252.

(1) The Union should be registered under the Indian Trade Union Act, 1926, and should continue to fulfil the requirements of that Act.

(2) The Union's accounts should be audited by Government.

(3) The membership of the Union should not be restricted on communal, religious or political grounds.

(4) The Union should submit a list of its membership, to the Government, periodically.

(5) Two-thirds of the members of the executive should be actual workers and such executive should meet at least once in a quarter.

(6) The Union should have been in existence for at least six months before its recognition.

(7) The Union should have on its list 50 per cent. of the employees.

Over and above this, a majority of the Members of the Committee (not all members) have recommended that a minimum subscription of annas two per month per male and anna one per month per female should also be a condition precedent to recognition. Under the Bombay Industrial Trade Disputes Act, 1938, a union which can be regarded as a Representative Union, must have a minimum membership of 25 per cent. Similarly, the Trade Disputes Bills, which were under the consideration of the Governments in Madras, Central Provinces and United Provinces, contemplated a minimum membership of 15 per cent., 20 per cent. and 20 per cent. respectively, of the workers, for being eligible to be treated as a Representative Union. The question of recognition was also discussed by the First and Second Labour Ministers Conference, held in January, 1940, and January, 1941, at Delhi, and the consensus of opinion appears to be in favour of the view that a prescribed minimum membershop and the predominence of the actual workers on the executive of the Trade Union should be included in the conditions necessary for recognition. Clearly, if a Trade Union is to speak with an authoritative voice on behalf of workers, it must be sufficiently

representative. On any rational analysis of the problem, it would appear that a prescribed minimum membership of the workers in an occupation or industry and the gradual elimination of outside element from the executive of trade unions are justifiable demands which a sound and healthy Trade Union Movement would have to fulfil in the fullness of its growth. It is possible that in the existing circumstances, such conditions may prove very stringent, particularly in areas like the mining areas in Bihar, where the Trade Union Movement has made comparatively little progress. But, there is no reason why the organisations in places like Bombay, Madras, or Calcutta, where the Movement had a longer trial, should be required to conform to higher standards of working-class membership and its presence on the executive of the Union if the Movement in these places is to maintain its position as the van-guard of the Trade Union Movement in India. The number of trade unions, which can conform to a reasonable minimum of working-class membership and the absence of outsiders on the executive are, however, few and far between. The immediate application of these principles, therefore, even to more progressive centres, may hamper rather than help the further development of trade unions, which is an object to be cherished by the employers, the State and the workers. Recognition, however, must be based on mutual trust and goodwill, and so long as the Trade Unions do not develop sufficient representative character, as reflected in its working class membership and their presence on the executive, time cannot be said to be ripe for compulsory recognition. The *Cawnpore Labour Inquiry Committee have come to a similar conclusion as seen in the following words :—

> "The suggestion was made to us that there should be a statutory obligation upon employers to recognise all registered Trade Unions. This is certainly not an unknown method and is adopted in a leading democratic country. Industries that receive special State protection or assistance may well be obliged to accord such recognition. We are, however,

---

* Para 193, page 74—Canwpore Report.

not disposed at this juncture to make such a recommendation. We feel that automatic adjustment rather than legislation is more salutary in the mutual relationship of employers and workers. We are confident that both employers and workers will recognise the imperative need of this essential matter and accord to each other the consideration due. Permanent peace and progressive collaboration cannot otherwise be guaranteed."

In view of the considerations outlined above, the best course for the Provincial Government to follow would be to formulate minimum conditions which in their opinion, should entitle a union to recognition by the employer, and to bring moral pressure to bear on the employers to accord recognition to unions which satisfy such conditions. Compulsory recognition should, however not be enforced unless the unions in question conform to the minimum conditions in respect of membership and the presence of the outsiders on the executive. While emphasising this, it is of utmost importance that effort should be made to promote the rapid development of trade unions which can satisfy the minimum tests. With this end in view, it may be useful to explore the possibility of embodying the provisions on the lines of the Bombay Industrial Trade Disputes Act, 1938 (with necessary modifications), in a Central Trade Disputes Act, as suggested in the previous section. The essence of the provisions relating to Trade Unions, in the Bombay Industrial Trade Disputes Act is that they confer varying privilages of representing the workers on the Trade Unions, according to the strength of their membership. The main provisions in this respect are as follows:

Apart from the Registration under the Trade Union Act, 1926, the Bombay Industrial Trade Disputes Act introduces further distinction between three kinds of Unions:

First, any Union with a 5 per cent. membership of workers in an occupation or industry and which has won the recognition of the employers, can get itself registered and is called a "Registered Union." This provision was

stoutly opposed by the representatives of Labour, during the passage of the Bill through the Legislature, on the ground that it would tend to promote the development of "Company Unions." It is important that the employers should leave no ground for suspicion that they desire to promote Company Unions—a development greatly resented by the working-classes in most countries, as a result of the American experience of such Unions. Although the Bombay Act contains a specific clause which empowers the Registrar of Trade Unions to refuse registration if he thinks that it is sought in the interests of the employers, it should not be difficult to raise this limit from 5 to 10 per cent., to assure Labour on this score.

Secondly, any Union with a 25 per cent. membership of the workers in an occupation or industry and which has been in existence for a period of six months prior to registration, can get itself registered and is designated as a "Representative Union."

Lastly, a Union with a 5 per cent. membership of workers in an occupation or trade, and without the recognition of the employers, may apply to the Registrar for being declared as a "Qualified Union."

Under the Act, in any conciliation proceedings before the Labour Commissioner or a Board of Conciliation, the workers can be represented as follows :—

"(1) Save with the permission of the authority holding any proceedings under this Act, no employee shall be allowed to appear in such proceedings except through the representative of employees.

(2) Notwithstanding anything contained in subsection (1), if in any conciliation or arbitration proceedings or in any proceedings before the Industrial Court the majority of employees directly concerned in or affected by such proceedings are members of a qualified union, such qualified union shall also be entitled to appear in such proceedings."*

* Section 75—page 34—The Bombay Industrial Disputes Act, 1938.

* " Representative of the employees," in the above provisions, means—

(*i*) Where the majority of employees directly affected by a change are members of a registered union, such registered union ; or

(*ii*) Where some of the employees directly affected by the change belong to a representative union, that representative union ; or

(*iii*) In other cases such representatives not being more than five as may be elected in the manner prescribed by employees directly affected by the change from among themselves ; or

(*iv*) In cases where representatives are not elected under clause (*iii*), and in all other cases not falling under any of these clauses the Labour Officer.'

The most distinctive feature of the Bombay Act with regard to its provisions in respect of Trade Unions, is that without compelling the employers to recognise a union, it enables the worker to achieve in practice some of the advantages which accrue from such recognition, Recognition, in the main, achieves two objectives :—

First, the employer is compelled to deal, in all matters affecting his employees not with an individual worker but with the Union, which greatly strengthens the employee's bargaining power. This advantage can be obtained only through the recognition of a union.

Secondly, the employer is required to consult and respect the wishes of his employees through the Union on all changes contemplated by him. By indirectly requiring the employer and the representatives of the workers to discuss and settle all matters affecting their relations (as grouped in Schedules I and II) through the agency of the

---

* Section 29—page 6—The Bombay Industrial Disputes Act, 1938.

Labour Commissioner, the Bombay Act achieves the second purpose, *viz.*, of seeking or consulting the wishes of the employees, without forcing recognition on the employers. The Indian Trade Union Movement has mainly been led, in the past, by middle-class persons who have, no doubt, rendered valuable services to its growth and development. But, the Trade Union Movement will not command the authority, which is due to it, unless and until it is led by persons who have risen from the ranks of the actual labouring classes. The varying privileges of representing workers in the Conciliation proceedings, which are provided for different kinds of associations, according to their membership-strength, under the Bombay Trade Disputes Act, put a premium on the emergence of a genuine "Labour Leadership." So long as the Trade Union Movement in India does not develop sufficient strength and the representative character to speak with authority on behalf of the workers and compel recognition, it is important that some such *via* media, as provided under the Bombay Act, should be found by including similar provisions in the Central Trade Disputes Act (with necessary modifications).[1] As emphasised by the Parliamentary Secretary to the Government of Bombay, while piloting the Bombay Bill through the Legislature, the very fact that the employer has to give notice of minor changes and to go through the entire time-consuming Conciliation machinery would emphasise the desirability of giving recognition to a properly organised trade union, and thus bring internal pressure to bear on the employers in this respect.

Given mutual goodwill and creation of a proper environment, it would not be long before Indian Trade Union Movement gathers sufficient strength and serves as a vital instrument of preserving peace in industry and promoting the welfare of the workers.

---

[1] A Central Bill to amend the Indian Trade Unions Act 1926 was introduced in the Central Legislature in November 1943. It seeks to set up Tripartite Boards of recognition with powers to secure compulsory recognition to 'representative trade unions' which satisfy certain specified conditions.

V

Proposals relating to Workers' Welfare.

Another important set of problems, which has received considerable attention in recent years, relates to the extension of Welfare activities of the Employers and the State, in general and the introduction of Social Insurance Legislation, in particular. Broadly, Welfare activities can be defined as all measures which promote the health, efficiency, safety and general well-being of the industrial worker. Inside the factory, Welfare measures comprise safe and healthy conditions; the provision of adequate rest-shelters, sanitary arrangements, creches and canteens to serve hot and clean meals to workers; etc. Outside the factory, Welfare measures cover the provision of cheap and decent housing; medical relief, educational and recreational facilities, and so on. The existing Labour Code in India contains provisions which require minimum of healthy and safe conditions within the factory and mines; the provision of adequate water for drinking and washing purposes; control of artificial humidification, ventilation and temperature; payment of maternity benefits and compensation for injury resulting in death or disablement sustained during the course of employment. The Factories Act of 1934 also empowers Provincial Governments to require a factory, employing more than 150 men, to provide adequate rest-shelters, and factories employing more than 50 women, to provide creches for their children. Some Provincial Governments such as the Government of Bombay and the Government of Central Provinces made use of these powers and extended the clause relating to the provision of creches to the factories employing 100 or more women, in 1938. Apart from the statutory welfare, a number of philanthropic employers have made pioneering efforts to provide decent housing, educational and medical facilities for the worker and his family. The maintenance of fully qualified doctors and hospitals to attend to the employees has now become a common feature of many establishments in different industrial centres in India. In the field of medical relief, notable work is done

by the Tata Iron and Steel Co. (whó maintain a hospital with 168 beds, under a large qualified staff) ; the Calico Mills, Ahmedabad (who maintain a hospital with 40 beds in General and 20 beds in the Special Maternity Ward) ; the Jubilee Mills, Ahmedabad (who maintain a hospital with 20 beds) ; the Advance Mills, Ahmedabad ; the British India Corporation Ltd. and Messrs. Begg Sutherland & Co., Cawnpore, and so on. The Tata Iron and Steel Co., the E. D. Sassoon Group of Mills, Bombay, the Buckingham and Carnatic Mills, etc., are doing valuable work in the realm of educational facilities. Some of the jute mills in Bengal, tea and oil companies in Assam, the British India Corporation and the Elgin Mills, Cawnpore, the Tata Iron and Steel Co., etc., provide housing accommodation for their employees, which is distinctly better and cheaper than that available in private 'Bastis'. On coming to power, the popular Governments in the Provinces also devoted considerable attention to the welfare of industrial workers within the Province. For example, the U.P. Government organised a number of Welfare Centres for the benefit of the workers and provided a grant of Rs. 10,000 in their budget for the year 1937-38. Each Welfare Centre has an allopathic dispensary, with a whole-time compounder and a part-time doctor incharge. A Reading Room, a Library and a Gymnasium are also attached to each Centre. The Centre aims at organizing sports, picnics and welfare entertainments, and arranging useful talks on subjects like health, cleanliness, co-operation, education and organisation, with the help of microphone and magic lantern, for the workers. The Bombay Government also made similar provision in the budget for the years 1938-39 and 1939-40 and established Welfare Centres in Bombay and Ahmedabad. The first of such Centres was established in Bombay in April, 1939. The Centre provides facilities for out-door and in-door games. It has a large Reading Room and a Library, a radio set, a canteen and a theatre in which cinema and musical performances and lectures, accompanied by magic lantern, are given. It has also a homeopathic nature-cure and bio-chemic dispensary for health advice. A similar Centre was started in Ahmedabad. These two Centres are classified as 'A' type

centres. In addition to these, the Government opened 8 other Recreation Centres, known as 'C' type, by the end of 1939. The activities of the 'C' type Centres are confined to in-door games and to the maintenance of a Reading Room and a Library.

How much can be achieved to improve the lot of the wage-earner, through the energies of a philanthropic employer, is vividly seen from the following passage which describes the work of the late Mr. Bata in his factory at Zlin :—

> "An outstanding example is provided by the Bata factory at Zlin.[1] This was originally a small town of but 4,000 inhabitants situated in an obscure valley leading from the Moravian Uplands to the Carpathians. The district was entirely agricultural ; there were no factories and its inhabitants had no industrial traditions. By 1930, Bata had transformed it into a town of some 30,000 persons, of whom 13,000 were employed in his own undertakings. He had to provide not only houses and hostels for his thousands of workers, but also shops, cinemas, brickfields, sports grounds, soup kitchens, restaurants and schools. He laid on a supply of pure water, built a magnificent hospital, provided technical and commercial education, arranged for supply of milk and even endowed a Chair of Industrial Hygiene at the University of Brno, so that he might be informed of the most recent discoveries in that field.
>
> He set up an autonomous social department to take charge of the various welfare activities including the housing programme, the general store, the medical consulting-rooms, and the restaurant. For the workers' children, he provided a nursery school, two kindergartens, one of which was open to all children in the town, and soup kitchens open in the winter months so that children attending school need not return home through the snow at midday. Bata's

1 Founded by Thomas Bata (born 1876, killed in an aeroplane accident, 1932).

housing scheme provides accommodation for 1,000 in the girls' hostel, 1,500 in the youths' hostel and 1,364 families and 3,222 unmarried persons in the workers' houses. His model hospital is an outstanding achievement, and consists of a central building containing operating theatres and administrative offices, while around it are grouped separate one-storey wards. The technical installation reaches the highest standards, several rooms being fitted with ultra-violet ray apparatus, and the operating theatres are admirably equipped and lighted. Administrative costs are reduced to the minimum by requiring the nurses to keep the accounts of each room, and the administrative staff is thus reduced to a steward and a clerk.

The store consists of a number of shops occupying the ground floor of a standard building near the factory entrance, and supplies practically every requirement at cost price. In order to keep down prices, Bata bought farms to supply milk, butter, eggs, poultry and meat. The restaurant is located in the first and second storeys of the same builing. Organized on the lines of an American 'Cafeteria', it can serve 6,000 meals in an hour."[1]

An achievement parallel to that of the late Mr. Bata at Zlin is witnessed in the case of late Mr. J. N. Tata, the founder of the Tata Iron & Steel Co., which, in the words of the Bihar Labour Inquiry Committee, "has, by spending lavishly on roads, drainage, water supply, electricity, sanitation, play-grounds, markets, schools and hospitals, thereby providing modern conditions in the town which has been built out of jungles within the last quarter of a century, set an example which others should emulate."

Great as have been the achievements of individual employers in India, as elsewhere, it is generally agreed that such efforts do not reach and cover the mass of the industrial workers in the country. It is common knowledge

---

[1] Page 127-128—"Management and Labour" by K. G. Fenelon.

that the small margin of an average industrial worker's income over expenditure does not enable him to make adequate provision for the recurrent risks of life such as "uncared-for illness, disabling accidents, or penniless old-age." The realization of this fact has led to the creation of a systematic method of insuring the worker against these risks, with the help and co-operation of the employer and the State. The system of Social Insurance of the working-classes was first initiated by Germany in the nineties of the last century and was fully developed by Great Britain in later years. The fundamental feature of any system of Social Insurance is that the employer, the worker and the State jointly contribute to create a large common Fund, and payments or benefits are made out of such Fund to provide adequate relief to workers during sickness, disablement, or old-age. The British Social Insurance system offers a typical model and the main features of the three schemes of Social Insurance in Great Britain[1] are described below :—

(I) Sickness Insurance.

The National Health Insurance Act, 1911, inaugurated the scheme of insuring the manual workers in Great Britain against the recurrent risks of ill-health. Several changes have been made in the National Health Insurance Act, since its inception. Under the scheme, all manual workers in Great Britain, between the age of 14 and 65, whose earnings do not exceed £250 per annum, are compulsorily insurable. The essence of the scheme is that each insured worker and the employer create an Insurance Fund by equal joint contributions and the State makes a prescribed grant to the said Fund. At present, the rates of weekly contributions are :—

---

[1] Since this was written, the Beveridge Plan of 'Social Security in Great Britain' which aims at a much more comprehensive system of social and economic security has been published. The schemes described below are intended to bring out the underlying principles of schemes of 'Social Insurance' and to serve as a guide for building up similar schemes of social security in a relatively backward industrial country like India.

	Employer	Employee	Total
Men..	4½d.	4½d.	9d.
Women	4d.	4½d.	8d.
Juveniles	2d.	2d.	4d.

The contributions are payable every week, in the form of stamps which are affixed to a special Sickness Insurance Card. The State bears the entire cost of the Central administration of the scheme, and, in addition, pays one-seventh of all benefits to men and one-fifth of all those to women.

The administration of the scheme is entrusted to Approved Societies which are associations of the insured workers and which conform to certain minimum regulations laid down by the Minister of Health and have to submit their accounts for audit by the Treasury Auditor. They have the control of the funds contributed by the insured members and their employers, and administer the Cash Benefits. Persons who are not members of any of the Approved Societies, pay their contributions directly to the Minister of Health who administers the scheme on their behalf. These insured persons are called "Deposit Contributors." Their number, however, is very small. The Medical Benefit is administered through Insurance Committees. These consist of representatives of Approved Societies, County Council and County Borough and medical practitioners in each Centre. On being insured, the worker has a right to select his doctor and chemist from a list prepared by the Insurance Committee and is issued a Card which bears the name of the panel-doctor. The chief Benefits to which every insured worker is entitled, are : (1) Medical Benefit, (2) Cash Benefit during sickness and disablement, and (3) Maternity Benefit.

(1) Every insured worker is entitled to free medical attendance and drugs from the panel-doctor and chemist as often and as long as may be necessary. The Medical Benefit commences immediately after the person is insured.

(2) The most important benefit under the Sickness Insurance Scheme is the Cash Benefit. The service of medical men would be of little avail if the sick-worker has

no resources to maintain himself and his family during his incapacity. This need is met by the provision of Cash Benefits which consist of cash payments at prescribed rates. An insured person, who has made 26 weekly contributions, is entitled, from the fourth day of the incapacity, to receive cash payment from his Approved Society, at the following rates :—

Men.. .. .. 9 sh. per week

Women .. .. 7 sh. 6d. per week.

If 104 contributions are made, the Cash Benefits are paid at the rate of 15 sh. per week per man ;

12 sh. per week for single woman,

and 10 sh. per week for married woman.

These payments are made for a period of six months during sickness. After six months, Disablement Benefit is paid at half the above rates for an indefinite period. Cash Benefits cease to be payable at all when the insured person attains the age of 65.

(3) An insured person is entitled to receive £ 2 on the confinement of his wife, provided he has made 42 weekly contributions. If the wife is also insured, the insured person gets £ 4, provided the 42 contributions are made and the wife abstains from any remunerative work for a period of 4 weeks after delivery.

There are nearly 7,000 Approved Societies which administer the scheme. Some of the Approved Societies are relatively better off and pay additional benefits to their members. In all, about 18 million workers are covered by the National Health Insurance.

(II) Old Age Pension Insurance Scheme.

In 1925, the Widows', Orphans' and Old Age Pensions Act interlocked the Old Age Contributory scheme with the National Health Insurance system. It covers all the persons within the Health Insurance system. The principle underlying the Old Age Contributory scheme is the

same as that of the Health Insurance system, *viz.* the workers and employers jointly contribute to create a Fund, to which the State makes a specific grant. Payments are made out of this common Fund, according to prescribed rates, to eligible insured persons. The rates of weekly contributions are as follows :—

	Employee	Employer	Total
Men	5½d.	5½d.	11d.
Women	3d.	2½d.	5½d.

The scale of payment is graduated according to the age of the insured person at the time of his or her entry. The State makes annual grants (£9 million in 1930-31 rising to £21 million in 1942-43).

The Benefits under the Old Age Pension Scheme are:—

(1) Pensions to insured men and their wives on their attaining the age of 65.

(2) Pensions to insured women on attaining the age of 65.

(3) Pensions to widows of insured men, with allowances for children.

(4) Pensions to orphans of insured men and women.

Old Age Pensions of 10sh. a week are payable to insured men and women between the ages of 65 and 70, and 10sh. a week to the wives, over 65 years, of insured persons. Widows' Pensions are paid at the rate of 10sh. a week and additional allowances at the rate of 5sh. for the first child and 3sh. for the second child are made. The rate of Pensions for Orphans is 7sh. 6d. per week payable up to 14 years of age, or 16 years if continuing full-time instruction at a Day School. In order to qualify for benefits other than Old Age Pension, the persons concerned have to satisfy certain conditions, the most important being the lapse of 2 years since entry into insurance and the payment of at least 104 weekly contributions. Besides the above

conditions, a person qualifying for Old Age Benefits have to satisfy another important condition of continuous insurance for 5 years before the year of claim.

Apart from the Contributory Old Age Pension scheme, a Non-Contributory Pensions system, under which Pensions are given to persons attaining the age of 70, according to the means of the family, has been in existence in Great Britain since 1908 (Old Age Pensions Acts, 1908-1924, Non-Contributory). The persons who are insured under the Contributory Pensions scheme are entitled to receive Old Age Pension at the same rate, *viz.* 10sh. a week without a " Means Test ", on attaining the age of 70 from the State. In 1937, an Act was passed which extended the provisions of the Contributory Pensions Act on a voluntary basis to men and women formerly outside the scope of the scheme, *viz.* whose incomes did not exceed in the case of men, £400 per annum and, in the case of women, £250 per annum.

(III) Unemployment Insurance.

The system of Compulsory State Insurance against unemployment was introduced in 1911, under the National Insurance Act. Several changes were made in the rates of contributions and Unemployment Benefits in subsequent years. The Unemployed Act, 1934, regulates the system of unemployment insurance and assistance at present. Membership is compulsory for all manual workers between the age of 14 and 65, with certain exceptions. Under the scheme, weekly contributions in respect of adult male workers are 9d. each and for adult female workers— 8d. each by the worker, the employer and the State, with lower rates for young persons. The contributions are collected in the form of stamps affixed to a special card every week. The rates of Benefits for adult men and women are 17sh. and 15sh. a week, respectively, and, in addition, 9sh. per week are payable for one adult dependent and 2sh. per week for each dependent child. Thus, a workman with a wife and 2 dependent children draws 30 shillings per week. The payment of Benefit commences after 3 days of unemployment, subject to various

conditions, the most important being the payment of at least 30 contributions in the last 2 years. Unemployment Insurance is administered by the Ministry of Labour through the officers at its 400 local employment exchanges. The working of the Unemployment Insurance Scheme is supervised by the statutory Unemployment Insurance Committee which makes an annual report to Parliament.

Persons who have exhausted their claim or otherwise are not entitled to Unemployment Benefit can apply to the Unemployment Assistance Board (set up under the Act of 1934) for public assistance, the amount of which depends on the income and the means of his household.

Unemployment Insurance was extended to agriculture by the Unemployment Insurance (Agriculture) Act, 1939. The rates of contribution for men of 21 years or over are 4½d. a week each from the employer, the worker and the State, and, similarly, for women 4d. a week. The above rates were reduced by ½d. since 1938. The rates of Benefit are 14sh. a week for men ; 12sh. 6d. for women, with an allowance of 7sh. a week for an adult dependent and 3sh. for each dependent child, subject to a maximum rate of Benefit of 30sh. a week. In order to qualify for Benefit, 20 contributions must have been paid in the last 2 years.

It will be clear from the above brief description that the British system of Social Insurance has made a great contribution to increasing the economic security of the average industrial worker in periods of sickness, disablement, or old-age. Besides receiving necessary medical aid during illness, every worker is enabled to get Cash Benefit for the maintenance of himself and his family, in his period of incapacity. Maternity Benefits are also available to women-workers during their confinement. Over and above this, each worker is entitled to pension between the ages of 65 and 70, at the cost of the Old Age Pensions Fund, while the insured workers, who attain the age of 70, are entitled to the same rate of Old Age Pensions Benefit, at the expense of the State. Provision is also made for the maintenance of 'industrial workers during periods of temporary unemployment.

In India, the existence of joint family system and the link which most of the industrial workers maintain with their villages, offer them the only available means of maintenance or help during illness or old age. It is common knowledge, however, that majority of workers have to face the horrors and hardship of uncared-for illness and penniless old age, in view of the little or no margin of income over expenditure left in their hands, to make provision against such risks in life. The poor physique, the malnutrition characteristic of the main dietary of the people, the extreme lowness of average earnings all make it imperative that some solution should be found to minimise the misery of the vast number of industrial and labouring population of the country, during illness and old age. Clearly, any measures designed to solve this problem would impose a heavy burden on the industries of the country. It is idle to argue that the industrialist will bear the entire burden, because, to a large extent, the burden is bound to be passed on to the consumer in the form of higher prices. This has a vital bearing on the position of industries which have to face the inroads of foreign competiton. The fact that most of the organised industries in India, today, are enjoying the help of protective tariff, would be sufficient to show that any proposal involving additional burden on the industries would have to be very carefully examined before it is adopted. The necessity of taking steps to provide against these risks however brooks no delay. It follows therefore, that some basis of priority would have to be adopted in selecting the particular ills for solution according to their relative urgency. Considering from this viewpoint, the question of provision of medical relief and Cash benefits, during illness, and safe-guards against a penniless old age ought to claim priority over other social benefits such as Unemployment Insurance and Holidays, with Pay, etc. Recent Labour Inquiry Committees, such as the Bombay Textile Labour Inquiry Committee, the Cawnpore Labour Inquiry Committee and the Bihar Labour Inquiry Committee, as also the Conferences of Labour Ministers held in January 1940 and January 1941, at Delhi, have given considerable thought to this matter and made certain useful suggestions. For the sake of clarity, it

will be convenient to examine each of these questions separately and to see how far it is possible to tackle these particular problems, under the existing circumstances in India.

Sickness Insurance:

The urgent necessity of exploring every method of enabling the average Indian industrial worker to make adequate provision against illness has been well stressed in the following words by the Royal Commission on Labour in India :—

"By common consent, the incidence of sickness is substantially higher than in western countries ; the medical facilities are much less adequate and the wages generally paid make it impossible for most workers to get through more than very short period of illness without borrowing. Indeed, sickness is an important contributory cause of indebtedness with all that debt entails under existing conditions ; for often at his time of greatest need, the worker may find himself destitute of resources, unable to take proper measures to restore his health, and in difficulties regarding even the means of subsistence. The situation calls for the exploration of all methods that may lead to the alleviation of the existing hardships."

Despite the recommendation of the Whitley Commission, however, no concrete scheme has yet been evolved and adopted in India. The Cawnpore Labour Inquiry Committee and the Bihar Labour Inquiry Committee have recommended that Provincial Governments should examine the possibility of introducing a Sickness Insurance Scheme, on the lines of the British model, in the Cotton Textile industry, in U.P., and the organized industries in Bihar, respectively. But, pending the introduction of such schemes, they recommend that the organized industries should be required to grant sickness leave every year to the permanent employees who have put in a prescribed minimum service. The Cawnpore[1] Labour Inquiry Committee

---

[1] Cawnpore Committee Report, page 66.

have recommended that workers with not less than 2 years' continuous service should get 15 days' sick leave, on half pay. The Bihar[1] Labour Inquiry Committee have recommended the following scale of sick leave :—

Period of service	Period of leave
Not less than 3 years but less than 5 years.	1 week on full pay and 1 week on half pay.
Not less than 5 years but less than 10 years.	10 days on full pay and 10 days on half pay.
Over 10 years	15 days on full pay and 15 days on half pay.

The Bombay Textile Labour Inquiry Committee have gone further and recommended the adoption of a Compulsory Contributory Sickness Insurance scheme for the Bombay Cotton Textile Industry, on the lines of the British Health Insurance system. Under the scheme, the workers, the employers and the State will have to make monthly contributions according to the following scale :—

(in annas)

	Employer	Worker	State	Total
Men	10	5	1	16
Women	10	4	1	15

Every worker, who is insured, would be immediately entitled to receive medical attendance and medicines from a Doctor chosen by him, on the British panel system. An insured worker, who has been insured for a period of 6 months and has regularly made his contributions, would be entitled to Cash Benefits from the 4th day of his incapacity for a period of 6 months. The scale of Benefits recommended is indicated in the following table[2] :

---

1 Bihar Committee Report, page 61.

2 Table on page 328, Report of the Textile Labour Inquiry Committee—Volume II.

Period.	Daily Cash benefit from the fourth day of incapacity.	
	Men.	Women.
(*a*) During first six months after entering insurance	*Nil.*	*Nil.*
(*b*) After completing six months' insurance period and payment of six monthly contributions but before completing 24 months' insurance period	As. 6	As. 5
(*c*) After completing 24 months' insurance period and payment of 24 monthly contributions	As. 10	As. 8

The scheme is to be made applicable to the permanent workers in the Bombay Cotton Textile Industry, who are estimated to be about 1,50,000[1]. The Committee proceed on the basis that the incidence of sickness would be approximately 9 days per worker per year. On the basis of the above contributions, they calculate that the total revenue collected each year would be Rs. 17,80,000, and the expenditure would be as follows :—

	Rs.
Cash Benefits	7,15,000
Medicines	2,00,000
Medical attendance	4,50,000
Compounders, Dispensary ..	1,35,000
Total ..	15,00,000

According to them, they have fixed the rates of payments in such a manner that, in the initial period, the annual revenue over expenditure would leave a margin of about Rs. 2,80,000, which would serve as a Reserve Fund to

[1] This number has since increased greatly during the 4 war-years.

provide against periods of epidemics when the incidence of sickness would be abnormally heavy. The administration of the Sickness Insurance scheme would be entrusted to a Central Board of Management of Sickness Insurance and the cost of administration is to be borne by the Provincial Government. In the opinion of the Bombay Committee, the cost of their proposals to the Industry and the workers would be six days' and three days' wages per worker, respectively, in a year.

The Bombay Committee have made a pioneer effort to indicate the nature of the problems involved in formulating a scheme of Sickness Insurance and their scheme does offer the elements of any proper system of Sickness Insurance which would be eventually adopted in India. They have rightly emphasised that the provision against sickness should take priority over other social benefits, and that all the parties, *viz.* the employers, the workers and the State, would have to bear the cost of the Insurance Scheme. There are, however, several practical difficulties in the way of the adoption of a full-fledged Sickness Insurance Scheme in any particular industry, under the existing circumstances in India. The main difficulties are as follows :—

(*a*) In view of the extreme lowness of the average earnings, the representatives of the workers maintain that the industrial worker should not be under an obligation to make any contribution whatsoever to the Sickness Insurance Scheme.[1] Clearly, no scheme of Sickness Insurance, properly so-called, would be feasible unless the workers accept the principle of making contributions jointly with their employers. There is, however, some truth in the contention that even a small contribution would mean a relatively great burden to the lowest paid workers. In any practicable scheme, therefore, workers whose earnings fall below a certain minimum such as Rs. 20 or Rs. 25 per month, would have to be exempted from the obligation to contribute to the Sickness Insurance Fund.

---

1 Proceedings of the Second Labour Ministers' Conference, 1941, page 64.

(*b*) Secondly, the Provincial Governments point out that they cannot make a contribution to the Sickness Insurance Scheme, for two reasons :

(1) First, provision of medical services is an important item in the Provincial expenditure at present. Any additional contribution from the Provincial Government would, therefore, be a relatively heavy charge on the Provincial Budgets.

(2) Secondly, they point out that the industrial population is just a fraction of the total population of the Province, and hence the Provincial Government would not be justified in making a special grant for the benefit of the industrial workers alone.

The objections raised by the Provincial Governments have some force. It is common knowledge that the major problem which awaits solution in the field of Public finance in India, today, is a radical readjustment of the sources of revenue between the Central and Provincial Government, with a view to bringing them in greater accord with the functions which they are expected to perform. While the existing Provincial sources of revenue are extremely inelastic and limited, Provincial Governments are responsible for the task of financing the growing nation-building services. On the contrary, while the Central Government has control over all elastic sources of revenue such as Income-tax, Custom-duties, Excise, etc., a large slice of the Central revenues is taken away by the ' Defence ' expenditure. Apart from this, the fundamental nature of Public expenditure of the State in India (both the Central and the Provincial Governments) is characteristic of what is known as the " Police State " rather than the " Public Service Corporation State." In other words, the main items on which the major portion of the tax-payer's money is spent at the Centre and in the Provinces, are purely Policing functions such as the maintenance of Police, Judiciary and the Defence services and a very small percentage of these revenues is spent on social services, such as education and the health of the people. So long as the present distribution of revenue and functions as between the Central and the Provincial Governments.

continues, it is clear that the Provincial Governments cannot be legitimately expected to bear the burden of additional Social services. Under these circumstances, there are only two ways of meeting the cost of increasing social services : larger financial resources must be made available to Provincial Governments so that they could bear the cost of these social services or the cost of the social services must be made a charge on the Central Exchequer. Given relatively stable world conditions (as would obtain at the end of the present war) and given a small but efficient mechanised army, coupled with larger sums of revenue resulting from Industrial progress during and after the war and compulsory military training for two years for all young men during or at the end of the university career, with a view to creating a trained reserve there is no reason why the Central Government should not be able to effect a substantial reduction in its normal Defence Budget and spend the money thus released on beneficial social services. Control over expenditure would also enable the Central Government to secure uniformity in such social services, which is much to be desired.

A fruitful suggestion, which can be made in this connection, is that once a scheme is adopted, the share of the cost which is to be borne by the State should be made a charge on the Central revenues and the Central Government should meet the cost by way of a grant in their annual budget.

Although the inadequacy of the existing Provincial revenues to meet such new charges is indisputable, they cannot be altogether absolved from making their own contribution. Their contribution may not necessarily be in money but they should try to reorganise their medical services in such a manner as to provide a special Industrial Medical Service and strengthen the staff maintained at the important industrial centres, so that the State-run Medical Services would be made a part and parcel and take the place of the Panel Doctors of the British Health Insurance system, under the proposed scheme. An important question which arises in this connection is, what place the

existing facilities voluntarily provided by the employers should occupy under a Sickness Insurance Scheme. The employers cannot be legitimately called upon to make a monthly or weekly contribution at such a high rate as would cover the 'Medical Benefit' and the 'Cash Benefit', and, at the same time, maintain and expand their voluntary medical facilities. The most useful aspect of these voluntary facilities is that, besides the worker, his family can get medical attendance and medicines gratis or at a negligible cost. The Bombay Textile Labour Inquiry Committee and the Bihar Labour Inquiry Committee have recommended their continuance and further expansion. It is important to bear in mind in this context that the main criticism of the present British Health Insurance System centres round the fact that it does not provide free medical attendance to the workers' families and the expert opinion favours the view that the 'Medical Benefit' should be gradually divorced from the 'Cash Benefit and, subject to financial considerations, Medical Benefit should be made available to all citizens through the extension of the general practitioner service to be maintained by the State. For example, the Majority of Royal Commission on National Health Insurance (1926) in Great Britain, declared:

> "In particular we feel sure that the wider the scope of these services (*i.e.*, the health services) the more difficult will it be to retain the insurance principle. The ultimate solution will, we think, be in the direction of divorcing the medical service entirely from the insurance system and reorganising it along with all the other public health activities as a service to be supported from the general public funds." [1]

Any proposed scheme, in the experimental stage at any rate in India, should in the main aim at providing 'Cash Benefits' out of a common Fund and 'Medical Benefits' should be made available through suitable extension of the Provincial Medical services and their proper co-ordination with the voluntary facilities maintained by the employers in each industrial centre.

---

[1] "Britain's Health"—pages 100-101.

(*c*) Thirdly, the virtual absence of accurate data about the incidence of sickness amongst the industrial workers presents certain difficulties in the way of evolving a satisfactory scheme. The financial success of any scheme would depend mainly on the actuarial data, such as the incidence of sickness per worker per year, which is taken as the basis for calculating the rate of contribution, on the one hand, and rate of Benefit, on the other. It should, however, be emphasised that the mere absence of the data should not be made an excuse for postponing such an urgent reform. No data, howsoever carefully collected, under the present circumstances, can be completely reliable. Other countries made the start in such legislation by adopting tentative schemes, partly based on actual data and partly on general information, and gradually developed it as experience of the working of the tentative scheme was obtained in due course of time. There is no reason why India should not follow the same procedure in formulating a scheme suited to her own conditions.

(*d*) Lastly, there are several difficulties which have been well put by the Royal Commission on Labour, in the following words :

> "The main difficulties include following the workers to the villages, arranging for proper medical treatment there and providing for medical certification, in order to enable workers to obtain Extended Benefits, should sickness continue. The lack of faith in modern medical methods is still an important factor and the administrative expenses likely to be incurred in working on a National or even a Provincial scale, a system of insurance based on western lines, would probably be extremely heavy, but none of these arguments diminish the need of the worker for provision during sickness."

In view of these considerations, the adoption of a full-fledged Sickness Insurance Scheme on the lines recommended by the Bombay Textile Labour Inquiry Committee does not appear to be a feasible proposition in the immediate future. The best way to approach the problem would be to start with a scheme of a compulsory Contributory

Sickness-holiday in a limited number of organised industries and after enough experience of its actual working is gained, to develop it into a full-fledged Sickness Insurance Scheme and extend it to other industries.[1]

One or two organised industries, like the Iron and Steel or the Cotton Textile, should be selected for the experiment. All employers should be required to give a 24[2] days' Sickness-holiday, with half pay, in a year, to all the permanent workers in the industry. A permanent worker may be defined as a worker who has put in a continuous service of 11 months in the establishment, prior to the date of the enforcement of the scheme. It is important that, for paving the way for a full-fledged Contributory Sickness Insurance scheme in future, workers should get used to the habit of making regular contributions. With this end in view, the cost of the 24 days' Sickness-holiday, with half pay, should be shared equally between the employers and the workers. An employer should be required to set aside every month a sum which, in 12 equal instalments, would be equivalent of the average half wages for 24 days of the total number of permanent hands in his individual establishment. The employer should be authorised to deduct half the sum thus set aside from the wages of his employees whose earnings exceed Rs. 20 per month. Workers whose monthly earnings are Rs. 20 or less, should be exempted from making any contribution. In other words, the permanent worker getting more than Rs. 20 p.m. and the individual employer would have to contribute, each, ½ days' wages every month, so that 12 contributions would make up 12 days' half-wages. In effect, the cost of the scheme to both the worker and the employer would be 6 days' wages each, in a full year. The cost of the benefit of the 12 days' holiday, with half pay, in respect of the non-contributory workers, should be borne by the employer by making their own contribution in lieu thereof, while the cost of the balance of 12 days, which is ordinarily to be borne by

---

1 The Central Government have recently appointed a special officer to investigate the question.

2 There is no fixity about the figure mentioned, which is selected as it simplifies the illustration. The actual number of days may be decided upon after due consideration.

the paying-employee, should be borne by the State. The administration of the scheme should be entrusted to a Central Board of Management, consisting of equal number of workers' and employers' representatives with an independent Chairman appointed by Government. Every employer should keep a Special 'Contributory-Sickness-Holiday Card' in respect of each worker and the joint monthly contributions may be payable in the form of special Stamps purchasable from the Central Board of Management. The Central Board of Management should have the control of the Fund created by the joint contributions by the workers and the employers. If one or two industries are selected as an experiment, as suggested above, the administrative costs of the Central Board and the cost of the half pay for 12 days' holiday of the non-contributory member should be made good from an annual grant by the Central Government, which should be distributed into different centres of the industry, on the basis of the percentage which the number of non-contributory workers in each centre bears to the total number of such workers. Side by side with this, the Provincial Government should reorganise their existing Medical Services, with a view to creating a special Industrial Medical Service (including Vaids, Hakims and qualified Doctors) and maintain an adequate staff of doctors, nurses and dispensaries at each industrial centre. They should also survey the medical facilities voluntarily provided by the employers. Employers in each centre who do not yet have any such facilities should be urged to follow the lead of their more progressive colleagues and maintain medical facilities which are adequate relatively to the scale of their activity. Making the State medical services in each centre the nucleus, the Provincial Governments should endeavour to set up adequate medical facilities for giving treatment to the industrial workers.

Every worker covered by the scheme should be entitled to the following benefits :

(1) A worker should be entitled to medical benefits which should consist of free medical attendance and drugs from the first day of certified illness from the doctor of his own employer or at Government dispensary.

(2) The worker should be entitled to receive 50 per cent of his average wages or annas 8 per day, whichever is higher, from the third day of the certified illness up to the 26th day. To prevent abuse and malingering, a twofold check should be provided. First, the worker should be required to submit every fourth day, from the certifying doctor, a report regarding his progress, to the Central Board of Management which would be administering the Cash Benefit. Secondly, it should be provided that the Central Board of Management would keep separate account in respect of each and every worker and employees who do not fall ill during the year and hence cannot avail themselves of the Sickness Leave would be entitled to accumulate the joint contributions standing in their name from year to year and to receive the balance in the form of a Provident Fund at the end of 10 years' service, subject to the proviso that the employee could draw his own share at any time he leaves the employment. In essence, this is a composite scheme combining some features of Health Insurance and Old Age Pensions Insurance. The Government of Bombay had a similar scheme under consideration as will be seen from the following passage :—

> "'Subject to certain qualifications regarding the length of service, every industrial worker, will have a legal right of three to four weeks' sick-leave with pay during each year, of which he may avail himself under certain easily enforceable conditions regarding certification. If there is any balance of leave left unutilised during the year, it is to be turned into cash—the calculation being based on certain average scales of wages—and the amount thus ascertained is to be handed over to a fund to be maintained by Government. The worker will be required to contribute ten days' wages to the fund every year. The amounts which may thus accumulate in the account of each individual worker will be drawn upon in his retirement from industry or on his attaining a certain age and will be paid to him either in a lump sum or in instalments. The scheme will thus have some of the characteristics of sickness and retirement, old age and death benefits and if successful may pave the way for specific schemes

of social insurance on the lines of those to be found in the more advanced countries." [1]

Although such provision militates against the fundamental Insurance principle, *viz.*, Good lives should bear the bad ones, it appears to offer a line of advance which would induce Labour to participate in the scheme and which would confer maximum benefit on them with minimum burden to industry, under the existing circumstances. The scheme should be applicable for a period of 5 years, in the first instance. Accurate statistical data regarding the incidence of sickness should be collected by maintaining regular individual Cards indicating the contributions made, sickness days and benefits drawn upon, in respect of each and every worker. After sufficient experience is gained of the working of the scheme and necessary statistical data is collected, the possibility of transforming the scheme into a full-fledged Sickness and Old Age Insurance, on the lines of the British Insurance scheme, through appropriate increases in the joint contributions from the worker, the employer and the State, should be fully explored, with the help and co-operation of the interests concerned.

Clearly, any such scheme must be treated as an integral part of the general Labour Policy of the Central and Provincial Governments. The question of Holidays with Pay is essentially linked up with the question of Contributory Sickness-holiday, as suggested above. In recent years, the grant of paid-holidays, varying from 7 to 15 days, with a view to give the worker respite from the monotony of industrial life and to recoup his health, has become a common practice in industries in the West. In Great Britain, agreements involving the granting of one week's paid-holidays were extensively entered into in 1936 and 1937, in the Steel, Coal-mining and other organised industries. The Socialist Government under Blum in France enacted legislation in 1936 which enforced the grant of 15 days' paid-holiday for one year's service and 8 days' paid-holiday for six months' service. In India, the Cawnpore Labour Inquiry Committee have recommended

---

[1] Report of the Bombay Textile Labour Inquiry Committee—page 324.

the grant of 15 days' Paid-leave to all workers in the cotton textile industry, who have put in a continuous service of two years. The Bihar Labour Inquiry Committee, on the other hand, have recommended the grant of 22 days' Paid-leave in a year to permanent workers in the heavy engineering industries and 15 days' Paid-leave to permanent workers in other perennial industries in Bihar. In view of the comparatively weak competitive position of the Indian industries, generally, it is seriously open to question whether it would be prudent to combine all these burdens and to introduce them simultaneously. The Bombay Textile Labour Inquiry Committee have emphasised that the question of provision against sickness is relatively more urgent and should receive priority over other social benefits. Time cannot be considered ripe for the general introduction of Paid-holidays before a definite scheme of Sickness Insurance is put through, and sufficient experience is acquired of its working in actual practice.

Provision against Old Age.

The second important question, which deserves consideration, is the necessity of enabling the industrial workers to provide against Old Age. The institution of joint-stock family, which acted as an insurance against Old Age, is fast breaking up under the impact of the new industrial civilisation. A number of Indian employers, like the Tata Iron and Steel Co., the Empress Mills (Nagpur), the Century Mills (Bombay), the Gokak Mills and the Advance Mills (Ahmedabad) and so on, have established Provident Fund for their clerical and permanent employees, on more or less indentical lines where the employee and the employer make equal contributions and the employee is entitled to receive the Provident Fund at the end of a minimum period of service such as 10 years or 15 years. The Bihar Labour Inquiry Committee and the Bombay Textile Labour Inquiry Committee have recommended that concerns, which are financially strong, should explore the possibility of establishing a uniform system of Provident Fund Benefit for all their permanent monthly-rated employees. Some establishments would find it

difficult to adopt a regular Provident Fund system, in view of their financially-weak position. The Bihar Committee and the Bombay Committee have recommended that such concerns should adopt uniform rules for the payment of retiring gratuity to their employees who have put in a minimum service. For example, the Gokak Mills (in Bombay Presidency) give 2 years' pay for 20 years' service, 2½ years' pay for 25 years' service and 3 years' pay for 30 years' service.

The Old Age Pensions Insurance scheme, on the lines of the British system, is, undoubtedly, an ideal solution of the problem of provision against a penniless old age. The scheme of Contributory-Sickness-Holiday, outlined above, has the potentiality of providing a suitable basis of an Old Age Pensions Insurance scheme as and when the time may be considered ripe for its introduction. But Indian industry and the workers can hardly bear the burden of a number of such schemes simultaneously. Attempt should, therefore, be made to persuade the relatively strong concerns to adopt either Provident Fund system or a uniform set of rules for the payment of Gratuity Benefits to their workers with a prescribed minimum service.

Lastly, the Indian industries in general and the industrial worker in particular are exposed to the full blast of international competition and the ups and downs in economic conditions which cause heavy unemployment and inflict great distress on labouring population. The close link which the industrial worker maintains with his village and his hereditary occupation, *viz.*, agriculture, does serve as a cushion which, to some extent, softens the rigour of the period of unemployment. Despite this fact, however, many workers have to face acute hardship consequent on cyclical unemployment. The Bombay Textile Labour Inquiry Committee have urged the Government of Bombay to explore the possibility of establishing an Unemployment Insurance Scheme for the Bombay Cotton Textile Industry, on the lines of the British Unemployment Insurance Scheme. The limited financial resources of the State, on the one hand, and comparative backward posi-

tion of industries, on the other, inevitably will impose a choice between alternate measures of social reform such as Sickness Insurance, Old Age Insurance, Paid-Holidays, Unemployment Insurance, for a considerable time to come.

Industrial Housing.

Another problem which has a vital bearing on the welfare of the worker is the provision of adequate housing for the industrial population. The deplorable nature of the housing conditions which obtain in most of the industrial centres in India such as Bombay, Cawnpore, Calcutta, has been repeatedly pointed out by several Commissions of Inquiry in the past and has again been emphasised by the Cawnpore Labour Inquiry Committee, the Bihar Labour Inquiry Committee and the Bombay Textile Labour Inquiry Committee. The question of industrial housing essentially boils down to two propositions. First, housing for the industrial population must meet the elementary tests of health and sanitation. Secondly, the housing accommodation must be available at such rents as are within the capacity of the workers to pay. Efforts have been made by some employers to provide housing for a small number of their workers, but the problem, as a whole, yet remains to be tackled, and it is generally recognised that the primary responsibility for this must rest on the public authority in general and the local authorities, such as municipalities, in particular. It is of utmost importance to the health and efficiency of the labouring population that this problem should receive immediate attention. The question was discussed by the First Labour Ministers' Conference, held in Delhi in January, 1940. Action on the following lines would yield fruitful results[1] :

(*a*) The Provincial Government should try to pool all the available engineering experience within each province and examine the possibilities of evolving decent and

[1] The question of housing for industrial workers is ultimately linked up with post-war reconstruction in which well-conceived schemes will, besides improving housing position for workers, serve as a means of stimulating employment. This aspect has been discussed in the last section.

sanitary types of housing at the smallest possible outlay. Clearly, the building-costs as between centres would differ according to the availability of materials, the nature of dwellings suitable to the climatic conditions, etc. But mutual discussion of the ' types ' evolved by the different Provincial authorities would be helpful. For example,* the Delhi Improvement Trust have evolved a scheme for rehousing displaced poor-class families, the main features of which are (1) the provision of a house to suit the specific family on a lease-purchase basis, and (2) the provision of a subsidy from public funds to cover the difference between the bare economic hire-purchase instalment and the paying capacity of the family as assessed by the Trust. For the purpose of this scheme the Trust propose to work to three standard types of houses erected on plots of an area of 100 to 110 square yards and consisting of one, two and three rooms, respectively, with a verandah, courtyard and bathing platforms, and costing Rs. 400, Rs. 560 and Rs. 700. The equated instalment on a 20-year hire-purchase arrangement, including 1 per cent. for maintenance, a concession rate ground rent of Re. 1 per 100 square yards per month, and interest at 4 per cent., on a two-roomed house, is estimated at about Rs. 4-11 per month. On an average, it is estimated that the poor-class family, for whom the Trust has to cater, is not in a position to pay more than Rs. 3 per month for housing. The scheme proposes that the balance should be met by a subsidy from public funds. Similarly, the representative of Mysore Government at the First Labour Conference stated that they had evolved suitable houses for housing Labour, the minimum cost being as low as Rs. 275. The value of comparing notes with each other is too obvious to need special emphasis.

(*b*) Having evolved a general type of housing for the industrial worker, the Provincial Government should encourage the local authorities to promote the building of housing on those lines, by giving the following concessions :

Wherever Government land is available, it should be leased out at concessional rates. The Provincial Government should float loans at low rates of interest on behalf of the

* Report of the Proceedings of the First Labour Conference, 1940, January—pages 22-24.

local authority and should try to supplement their financial resources. Experience of housing development in the West has shown that a subsidised State-building Programme alone can satisfactorily solve the problem of housing for the working-class. Notable pioneer work has also been done by the Ahmedabad textile workers in the matter of providing housing on co-operative basis. The following passage from the Report of the Bombay* Textile Labour Inquiry Committee gives an interesting account of the progress made by the Co-operative Housing schemes :

"It is only in Ahmedabad that there are co-operative housing societies for workmen, and it is interesting to note here that they do not receive any subsidy from Government, the Municipality or the employers. This enterprise is confined to workers in textile mills belonging to the schedule classes. The number of registered societies is two while two more have not yet secured registration. Some details in connection with the working of the societies will be of interest. The two registered societies have supplied housing accommodation to 110 families. The special feature of these societies is the social work carried on for several years prior to their organization. All buildings in this society are uniform. They are semi-detached tenements, each having one living-room 15′×8′, a small room 8′×10′, a kitchen 8′×8′ and two covered verandahs 23′×8′ and 10′×8′. They are built in brick and mortar. They have a reinforced concrete terrace over the main room, and a Mangalore-tiled roof over the rest of the building. The area of the site for each tenement is 255 square yards, each tenement is open on three sides and has an open space for gardening. The cost of the land was Rs.400 and that of the building Rs.800, bringing the total cost of each tenement to Rs. 1,200. The amount contributed by each member was Rs. 400, and the Ahmedabad People's Co-operative Bank Ltd. advanced a loan of Rs. 800 to each member, repayable by monthly instalments of Rs. 10. Before joining the societies, the members lived in rooms 12′×12′ and paid Rs. 6

* Pages 277-278.

per month as rent. The total value of the houses with the land is Rs. 1,32,000 against which the members took loans aggregating to Rs. 83,200. By the end of 1938, 37 members had cleared off their liabilities to the Bank. The two unregistered societies have a membership of 63, and the value of the buildings and lands in their colonies is Rs. 69,800 against which they have taken aggregate loans of Rs. 37,800 from the Bank.

Akin to these co-operative colonies is the housing colony comprising 65 tenements which has been formed through the efforts of the Textile Labour Association, Ahmedabad. The construction of the houses was undertaken by the Association in a town planning area with a view to providing a model for private owners, the Municipality and the employers. The tenements consist of two rooms $14\frac{1}{2}' \times 10'$ and $11' \times 8'$, with a kitchen $8' \times 7'$, a verandah $19\frac{1}{2}' \times 7'$ and a courtyard $19\frac{1}{2}' \times 18'$. The cost of construction is Rs. 1,300 per tenement and the workers who take this up have to pay Rs. 10 per month on an amortization plan to become owners of the dwellings in 25 years."

This is also a line of development which deserves further investigation and action.

Apart from the question of Sickness, Old Age, and Provision of Housing, there are other items such as the establishment of properly-run canteens, preferably on co-operative lines,* within the factories; the provision

---

* According to the Bombay Report three Mills in Bombay: (i) the Manchester, (ii) the Alexander and E. D. Sassoon & Co. and (iii) the Crown, run canteens which cater mid-day meals consisting of Rice, dal, and vegetables, and chapatis, at a cost of 2 annas 9 pies. It appears, however, that not many workers avail themselves of the meals provided in the canteen as they are expensive, from their view-point. The following remarks of Doctor Aykroyd, who visited the canteen in the Manchester Mill, are very instructive and hence reproduced below:

(Source: Appendix IX, page 508, Bombay Textile Labour Inquiry Committee Report).

The meal supplied, which is a tolerably well-balanced one and includes rice, wheat, and potatoes and other vegetables, costs 2 annas 3 pies. I was informed that out of 1,200 hands about

of adequate rest-shelters and protective equipment for workers at work, etc., which offer further avenues which can be explored by progressive employers for increasing the welfare of their workers. It should be borne in mind that welfare measures are not only beneficial to workers but offer the best kind of investment which would promote the efficiency of the individual workers and richly repay the employers in the long run.

---

60 take advantage of the meal provided. A proportion of these belong to the clerical staff.

In my opinion, a canteen organised on the above lines, while it is a praiseworthy effort on the part of the management and appreciated by the workers, does not do much to improve the diet of the average workers. In general the snacks which are for sale do not supply in abundance the elements in which the worker's diet tends to be deficient. The mid-day meal, while it is wholesome and liberal in quantity, is too expensive, in relation to the current level of wages and commitments, to be taken advantage of by the poorer workers who are likely to be in most need of a good meal.

I would not regard the extension of canteens run on the above lines as being likely to prove effective in raising the standard of nutrition of the workers. In order to produce this effect canteens must sell at very low cost, food of high nutritive value and in particular food which supplies the elements (vitamins, etc.) which the worker most requires.

With regard to the particular 'snacks' mentioned above, a piece of white bread or a portion of sweetmeats supply calories, but they are not rich in certain of the more important constituents of food. A cup of tea or coffee is essentially water plus a little stimulant. On the other hand, whole-meal bread, cheap fruit, butter-milk, and many other foods which could be mentioned, are of higher nutritive value. Canteens could be organised so that foods which are specially good from the stand-point of nutrition are offered for sale, and the workers encouraged to buy them.

In respect of mid-day meals, the most satisfactory procedure would be to sell a very cheap meal, which is fairly rich in essential food factors. Unless the price is equal to, or below, the usual price of a meal consumed in the workers' own homes, there will be little incentive for them to spend money on meals in the canteen. Hence the meal provided should be based on cheap foods of relatively high nutritive value, such as whole-cereals, pulse, certain classes of vegetables, etc. Some knowledge of nutrition is necessary in devising satisfactory feeding at minimum cost and due regard must of course be paid to the dietary habits of the workers.

VI

Miscellaneous Proposals.

Apart from the problems discussed in the foregoing pages, other questions which deserve further investigation are those relating to the development of Consumers' Co-operative Movement amongst the working-classes, and a uniform legislation in all Provinces, on the lines of the C.P. and the Bengal Moneylenders Acts. Most Provincial Governments have, in recent years, passed a large number of enactments to safeguard the agricultural-debtor. Some Provinces, like Central Provinces and Bengal, have made molestation and intimidation of an industrial debtor an offence punishable by fine or imprisonment. This is a measure which deserves to be widely adopted in other Provinces, so as to give necessary protection to working-class debtors. The development of co-operation, particularly in the realm of the running of canteens, within the factories, and consumers' co-operation are also further lines of development on which the Trade Union Movement can concentrate its attention with immense benefit to the working classes.

Three other matters which can be conveniently discussed before concluding this part are : (1) The necessity of collecting accurate and up-to-date statistical data regarding Labour and general industrial conditions ; (2) the establishment of an All-India Industrial Council, and (3) the institution of an Indian Institute of Industrial Psychology and Fatigue.

(1) *The Collection of Statistical Data.*

Every student of Indian economic conditions is faced at every step by the virtual absence of accurate and up-to-date data about the total production, the number of persons employed, the nature of output, the level of earnings and so on. Several Committees in the past such as the Indian Economic Inquiry Committee (1925), the Royal Commission on Labour, etc., have emphasised the utmost urgency of setting up adequate machinery for the collection of reliable data about industrial conditions but no substantial attempt has yet been made either to set up

an adequate machinery or to empower Government to require industry to submit detailed statistical information. The Department of Commercial Intelligence and Statistics of the Government of India publishes a number of periodical bulletins which give some data relating to a small sector of industrial life. But the data is very meagre and to assess the possibilities of industrial development one has to still turn up the pages of the Industrial Commission Report which was published as far back as 1918. Although a number of employers are increasingly realising the importance of accurate statistical data regarding industrial operations, the reluctance to voluntarily disclose such information, which was characteristic of the employers in the early era of individualistic capitalism in the West has not altogether disappeared in India. It follows from this that unless the Government are authorised by specific legislation to require every establishment to submit periodical returns, it would hardly be possible to collect the data. Up-to-date, accurate and as complete data as possible about the total output, total number of persons employed, the nature of production, etc., is absolutely vital for estimating the industrial progress made in the past and exploring the possibilities of further development. Broadly, two methods are followed to collect such data. The Government undertake a 'Census of Production' of all the industries periodically, or every industry is required to fill up a prescribed form and submit the details to the Government department concerned, who sift, analyse and publish these in an intelligible form. In the existing economic conditions in India, it is argued, with some force, that a full-fledged 'census of Production' would be too costly. But it is time that the Central Government took power by special Statistics Act to require as wide a range of organised industries as is practicable to submit periodical returns on the basis of a prescribed form and kept such data as up-to-date as possible[1]. The C.P. Government and U.P. Government had under contemplation the passing of separate Statistics Acts applicable to the industries in those Provinces. It is, however, desirable

[1] A statistics Act has since been put on the statute but no action has yet been taken under it.

to maintain uniformity in the figures so collected. The best way, therefore, appears to be that the Central Government should pass a Central Statistics Act, enabling the Provincial Governments to require the industries in the Province, to which the Act applies, to submit the returns to their Labour and Industries Department and such data should be co-ordinated and published by the Central Government.

(2) *The Establishment of an All-India Industrial Council.*

It would be abundantly clear from the perusal of the foregoing pages that it is of utmost importance to the stability and progress of industries as between different areas that maximum possible uniformity should be maintained in the Labour Laws between Province and Province and between British Indian Provinces and the Indian States. As pointed in the previous chapter, the Whiteley Commission had recommended the establishment of an All-India Industrial Council consisting of representatives of Labour, Employers and Central, Provincial and the Indian State Governments for the purpose of discussing and securing uniformity in Labour legislation in the country as a whole. The Labour Ministers' Conference paved the way for partial implementation of the Whiteley Commission's recommendations for the setting up of an All-India Industrial Council. The Conference was replaced by the Tripartite Labour Conference called by the Central Government on 7th August 1942 with a view to seek advice of Provincial and State Administrations, employers and employees on the important current Labour problems. The Conference discussed the desirability of establishing a permanent and representative body to consider industrial problems of labour welfare, both in their legislative and administrative aspects and also to advise Government of India as to the most satisfactory lines of dealing with these problems. The Conference unanimously decided to constitute two bodies—the larger to be called Plenary Labour Conference and the smaller to be called Standing Labour Committee. This war-time innovation, if continued after the return of peace, will no doubt take the place of the All-India Industrial Council envisaged by the Royal Commission on Labour.

(3) *The Establishment of an All-India Institute of Industrial Psychology and Industrial Fatigue.*

As observed in a previous section,* there is no agency at present in India like the Industrial Research Board and the National Institute of Industrial Psychology in Great Britain for undertaking systematic studies regarding the reactions of psychological conditions of work and employment on the workers' health and efficiency. The Bihar Labour Inquiry Committee have recommended that a similar institution financed by the Central Government should be established in India. The "time and motion studies" made by the above bodies in Great Britain have been of incalculable value to the British industrialists and there can be no disagreement about the desirability of establishing a similar institution in India. In view of the relatively more urgent matters which deserve immediate attention at the hands of the State, it is clear that the fruition of this idea must await more favourable times in Industry and Public finances of the country.

---

* See page 70.

PART III

LABOUR IN RELATION TO THE FUTURE ECONOMIC DEVELOPMENT OF INDIA.

Labour in Relation to the Future Economic Development of India.

No discussion of the problem of bettering the lot of the industrial worker can be complete without examining the position of Labour *vis-a-vis* the general economic life in India. The excessively low income of the average wage-earner is essentially a part and parcel of the deep and wide-spread poverty of the Indian masses. No permanent and effective improvement in the condition of the wage-earner therefore, could be achieved unless a concerted and comprehensive Drive is organised to tackle the major economic problem, *viz.* increasing the purchasing power of the masses and raising their appallingly low standard of living to a level which can be called human and reasonable. It is proposed to examine the question in this part.

Broadly, the term 'The Standard of Living' of an individual in a given community means the minimum command over goods and services which he can secure at any particular moment of time. Minimum command over goods and services primarily depends on the individual income, on the one hand, and the standard of comfort to which the individual has been habituated, on the other. The individual income and the habitual standard of comfort are, in the main, determined by the total volume of national production, the method of its distribution, and the spread of education in the community.

In a predominently agricultural country like India, one does not come across the glaring inequalities of fortunes, which are characteristic of highly developed industrial States like Great Britain or U.S.A.; the contrast between the rich and the poor in India, however, remains very striking. Forces are already at work, such as the recent Amendment of the Indian Income-tax Act which would, to a certain extent, mitigate the admittedly regressive character of the Indian Tax system. A thorough and searching survey of the incidence of not merely the Land Revenue but of the actual rents, which the tillers of the

soil pay, and the regulation of 'Rents', with a view to bringing them in approximate correspondence with the marginal productivity of the land, would mean substantial relief to the mass of the cultivators. A drastic modification of Public Expenditure, in order to spend as large a proportion as is feasible of the public revenues on such beneficial investment as the health and the education of the people, would also have an appreciable effect in levelling up of the standard of living of the people. While emphasising this, it should be remembered that the system of Taxation or the nature of the Public Expenditure in a country reflect, in the main, the general economic position of the community as a whole. So long as the abnormally low standard of average incomes prevails, the incidence of taxation is bound to be heavy relatively to the taxable capacity of the people, and, in the realm of Public Expenditure, the transition from the "Police State" to the "Public-Service-Corporation-State" would inevitably be a slow process.

† On any showing, an enormous expansion of the total output of goods and services is fundamental to even a small rise in the standard of living of the masses in India. Accurate official statistical data relating to per capita income are not available (1); but the striking contrast between the average individual income of a bread-winner in India and that of his fellow-worker in the West, has been brought out in the following quotation from Mr. Colin Clark's survey of national incomes of various countries :—

---

† There is a consensus of expert opinion in India that the solution of the major economic ills of the country must be sought in the field of production rather than that of distribution.

(1) Date Source.	National Income Rs. per Head of Population.		Estimated I.U. per Occupied Person.
	Current Prices.	At 1925-29 Prices.	
1867-8 Naoroji	13·5	44·2	112
1895 Atkinson	31·5	55·2	140
1921-2 Shah and Khambata.	88·0	78·0	198
1925-9 Rao	78·0	78·0	198

(Source : Page 145—"Conditions of Economic Progress" by Colin Clark.)

"Summarising these figures, the world is found to be a wretchedly poor place. An average real income per worker of 500 I.U. or less (in round figures a standard of living below £·2 or $10 per week per bread-winner) is the lot of 81 per cent of the world's population. A standard of living of 1000 I.U. per worker per year or more is found only in U.S.A., Canada, Australia, New Zealand, Argentine, Great Britain and Switzerland, containing between them 10 per cent of the world's population. Another 9 per cent of the world's population is found in the principal industrial countries. of Europe with an average real income per head between 500 and 1000 I.U. About 53 per cent of the world's population including the whole populations of India and China, enjoys a real income per head of less than 200 I.U. Average real income per bread-winner in China and India is about 120 and 200 I.U. respectively." (1)

(An international unit is defined as the amount of goods and services which could be purchased for $.1 in the U.S.A. over the average of the decade 1925-34, or an amount interchangeable with them, as shown by the Pigou formula.)

It is a commonplace of economic life in India that the standard of life of the people is deplorably low and the per capita consumption of even the most elementary necessities of life, such as food, clothing, shelter, etc. is one of the lowest in the world.* While this is true of

---

(1) Page 2—"The Conditions of Economic Progress" by Colin Clark.

* Estimated Cotton Piece-goods Consumption per head in the principal markets, 1929, by yardage and value.

	Linear Yards.	£
United States	64.0 (*a*)	1.78
New Zealand		1.28
Canada	37.7	1.19
Australia		1.10
United Kingdom (*b*)	35 (*a*)	1.03
Malaya	30.6	0.79
India	16.1 (*e*)	

(*a*) Square Yards.

(*b*) Yardage of 1934; value figure of 1930 consumption at 1929 prices. These figures are used instead of available 1930 figures,

consumption, it is common knowledge that a large volume of productive resources in men and materials in the country happen to be in a chronic state of unemployment or under-employment. The bulk of India's huge population ekes out a miserable existence by following agricultural pursuits. A large portion of the population, which is described as being employed in agriculture, is, however, surplus to the requirements of agriculture which scarcely affords it full employment. Apart from this, agriculture is essentially a seasonal industry and in the absence of alternate avenues of employment, the actual cultivators find themselves without any remunerative work for the greater part of the year. Despite the remarkable development of a number of industries under the stimulus of Discriminating Protection in recent years and despite the impetus given to further industrial development by the conditions arising out of the present War, it is as true to say today as it was when the Industrial Commission reported in 1916-18, that India's industrial development has not been commensurate with her resources or requirements.(1) Whatever may be the difference of opinion regarding the estimates of relative economic progress that India has made during the last 30 or 40 years, the broad features of India's economic life, today, are unmistakably clear. India has a vast population of † 388 millions, the majority of which lives in utter destitution. India witnesses the pathetic sight that while millions and millions of her people are underfed, underclothed and are without shelter, there are large productive resources which remain either unused, unemployed or under-employed. The above contrast has been vividly described in the following passage from the speech(1) of Mr. G. B. Pant, the former Premier of the United Provinces :—

(22.7 square yards, £.0.62) as 1930 consumption and prices were abnormally depressed.

(*c*) Including hand-loom production : India, 4.4 yards per head.

(Source : Page 168—The World Textile Industry—Economic and Social Problems—Volume I—International Labour Office).

The latest per capita consumption is estimated to be 16.65 yards. (Source : 1939-40 Review of Trade).

† Census figures, 1941.

(1) Page 2637—" Legislative Assembly Debates, Vol. III, 1936.

"Sir, the Honourable the Finance Member referred to the marvellous capacity for economic recuperation of India. It brought before me a panorama of sublime mountains, of fertile valleys, of navigable rivers, of an extensive maritime seaboard, of waving fields of rice and wheat and sugar-cane, of jute and tea and cotton plantations, of our coalfields and our mines, and of our rich fauna and flora. It reminded me of the limitless resources of this country, and I felt that the conclusion at which the Finance Member had arrived must be a legitimate and correct one. A country like this whom God and Providence in their mercy had endowed with their magnificent and beautiful blessings in an unstinted measure should be possessed of marvellous powers of recuperation. But, then, Sir, the very next moment, I saw before me the spectre of millions of moving skeletons stalking the length and breath of this land, I saw poverty writ large on the face of this country, I saw destitution of an inconceivable type. I remembered that while the standard of comfort and living in Great Britain was almost even with our own at this time when British connection with this country started, today their death-rate was half of ours and the expectation of life or average longevity there was more than double of ours, even their drink bill per head was equal to the total national income of two in this country and their receipts from customs and excise on drinks and liquors alone exceeded the total national revenue of this Government. When I saw all that, I saw the big gulf between the two, limitless resources on the one side, and inconceivable poverty on the other."

The very existence of such a huge population connotes an unlimited potential market for consumable goods. But the mass of the people cannot utilise the available productive resources to their full capacity and satisfy even their most elementary wants because they lack the wherewithal to back their wants and translate them into effective demand. The central problem of India's economic life today is to co-relate the huge fringe of unsatisfied wants, on the one hand, with large volume of unemployed

resources, on the other. The supreme task before the economic statesmanship of the country is, therefore, of a two-fold character : (1) to explore and exploit all possible avenues of increasing the total level of employment and incomes in the hands of the people, and (2) to mobilise entire reserves of unused productive resources, with a view to maximising the total output of goods and services.

Foreign observers of the Indian economic scene are prone to emphasise that India is predominantly an agricultural country and the increase in incomes, employment, and output, sufficient to maintain the population at a relatively higher standard of living, must come about through an all-round improvement in agricultural efficiency and output. A reasonable and adequate per capita standard of food consumption to " India's teeming millions " would necessarily require a radical reorganisation of agricultural production which is largely carried on in a primitive way at present. A comprehensive crop-planning on an all-India basis, with a view to secure a proper balance between food and non-food crops, intensive use of manures and improved quality seed to raise the productivity of the soil, assured water-supply to as large an area of land as possible, and vigorous drive to increase the production of such " protective food " as milk and vegetables would have to be an integral part of the plan to secure increase in the agricultural production to the desired level. Agricultural improvement on such a scale would require large capital expenditure on minor and major irrigation projects, land development schemes with a view to bring under plough land described as " culturable but not cultivated " and also establishment of fertiliser industry like ammonium sulphate. Expenditure on such projects can, in the long run, pay its way only if efforts are made simultaneously to increase the purchasing power of the masses and increase " effective demand " for the products of agriculture. The development of Dairy Farming, the application of nutritional researches to the formulation of a common diet and vigorous propaganda to popularise the diet all over the country, on lines similar to the " Drink More Milk " campaign in Great Britain, would also .greatly add to

the profitability of agriculture and health and efficiency of the people. All this can be readily admitted. But the fundamental question which arises and which needs to be faced in this context is, how to initiate, stimulate and sustain such revolutionary changes in the technique of agricultural production as would transform Indian agriculture from a 'subsistence' to a 'profit-earning' or a 'deficit' to a 'surplus' basis. The economic history of Agrarian Revolution elsewhere in the world conclusively shows that no permanent improvement in agricultural production can come about unless the services of Science, Education and Enterprise are backed by a tremendous increase in the demand for the products which the agriculturist has to offer in the market. Even the educated and the efficient Indian agriculturist of tomorrow would find it impossible to improve his standard of living if he is unable to profitably dispose of his produce either in the internal market or the export markets. It is obvious that so long as the mass of the potential consumers in the internal market cannot effectively exercise their demand in the absence of adequate purchasing-power in their pockets, any isolated effort to increase the agricultural efficiency and output would merely aggravate the problem with which the cultivator was faced in India for over a decade before the out-break of World War II, *viz.* the inability to sell his produce at a profit in the market.

It follows from this that a rapid industrial development, which alone would cause a net expansion of total employment, incomes and effective demand of the people, is a vital condition of any large-scale reform in agricultural production. The main objection which is raised to such plea for rapid industrialisation by its critics is that Industrialisation would lead to a falling off of imports into India, which would, in the long run, cause a decline in exports and would thus have serious repercussion on the income of the agriculturist who greatly depends on the export markets, and also on the financial position of the Government of India, who depend on the proceeds of the Customs duties for a large portion of their revenue. On any rational analysis, it would appear that this objection completely ignores the historical experience of other countries, and

particularly the great changes in the Commercial Policy and the value and volume of world trade in the years since the Great Depression.

In the first place, there is nothing in the economic history of most of the progressive industrial countries, like Germany, U.S.A., and others, to justify the proposition that their industrialisation caused a diminution in the value and volume of the import trade or the taxable capacity, and, consequently, the Public Revenues, in those countries. The economic history of Germany, U.S.A., etc., in earlier days of their industrial development, shows that the imports from the United Kingdom into those countries tended to expand rather than decline, during that period. It is a matter of general agreement that rapid industrial development of relatively backward areas, like India and China, with the inevitable increase in the total employment, incomes, and standards of living of the people would open up far greater avenues of trade between these countries and the outside world. It is reasonable to suggest, therefore, that an increase in the primary and secondary employment, and consequent increase in the incomes of the people, would lead to an enormous expansion in their taxable capacity and would also mean increase in the total volume of imports into the country, as is borne out by the historical experience of most of the industrial countries in the West. It is possible to argue that this reasoning is true so far as the long-run effects of industrialisation are concerned ; but, in the short run, India is bound to experience certain difficulties consequent on the reactions of the curtailment of India's export trade and customs revenues. Clearly, the validity of this short-run objection depends on the tacit assumption that industrialisation would be a sudden and a rapid process. No country can industrialise itself over-night. Industrialisation is necessarily a gradual and slow process and during the time involved in such process, it is not unlikely that the necessary financial and industrial adjustments could be made. It should also be borne in mind that so long as there are differences in the stages of development between one country and another, there are bound to be differences in the relative efficiency and costs of production of certain commodities

between them, which would afford great scope for profitable mutual trading relations between that country and the rest of the world.

Secondly, it is true that up to not a distant past, the Indian agriculturist greatly depended on the export markets for the disposal of his agricultural surplus. It is a common-place of the economic history of this country that the industrial revolution which made England the "Workshop of the World and the Carrier of the World's Commerce", actually turned countries like India into exporters of raw materials and foodstuffs and importers of manufactured and finished commodities. Ever since the seventies of the last century up to the Great War, the Indian economy has been adjusted to the demands of a prosperous and large foreign trade; in other words, the agricultural production was so carried on that it primarily met the needs of the international markets. Thus, India increasingly produced raw cotton, raw jute, oilseeds, for the world's markets and imported cotton piece-goods, iron and steel goods, and other finished articles of consumption. The combination of a large export trade with the predominance of agricultural economy placed India in the same position as the Primary Producing countries such as Argentine, Australia, Brazil, and others. In common with these countries, the level of money-incomes and the spending power in the hands of the masses in India came to be mainly determined by the demand for and prices of agricultural products in the international markets and the condition of the foreign trade became the decisive factor in determining the prosperity of the masses. Twice in a single decade (1930-40), however, the Indian cultivator has learnt, to his great cost and suffering, that his excessive dependence on the world markets renders even his meagre income extremely insecure and unstable. The collapse of prices after the Great Depression of 1929 ushered in a period of acute and unrelieved depression, out of which the agriculturist had hardly emerged on the eve of the present War. The virtual closure of European and Japanese markets, resulting from the conditions during the present hostilities, caused a comparative slump in the prices of export goods like short-staple cotton which neces-

sitated readjustment between food and non-food crops. It should also be remembered that the post-Depression Commercial Policies of quantitative regulation of import trade and equalizing the total 'payments in' with total 'payments out', adopted by India's traditional customers in Europe and by Japan, led to a considerable shrinkage of the market for India's staple exports, such as short and fair staple cotton, raw jute, oilseeds, etc. in these countries and compelled the Indian primary producer to increasingly look to the internal market for the disposal of his surpluses. The war-time requirements of self-sufficiency in food and raw materials are bound to stimulate agriculture in most industrial States during this War and it is hardly likely that the war-expanded agriculture would be 'let down' by their statesmen after the return of Peace. It is idle to hope, therefore, that India's traditional export trade in staple agricultural produce could be revived to anything like the pre-Depression level of 1928-29, in the post-war years. It follows from this that a rapid development of industries, with a view to creating alternate or additional markets for the traditional Indian exportable surplus of agricultural or industrial raw materials, such as raw cotton, oilseeds, pig iron, within the country itself, would be forced on her hands more as a matter of necessity than as a matter of choice.

Lastly, an important aspect of Indian industrialisation, which is often forgotten by its critics, is that most of the industries which have received protective help under the Policy of Discriminating Protection, are not only examples of what is known as the Infant Industry case for tariff but they are typical instances of the celebrated Schuler case for tariff. The German economist, Schuler, emphasised that so long as the gains from Protection, in the form of increased incomes, employment, and output, could more than off-set the loss in the form of increased prices to consumers and relative diminution in the employment and output in export industries, the grant of Protection to the industry in question would be beneficial to the country as a whole. While evaluating the advantages accruing from the development of an industry like the Indian Cotton Textile Industry, under the stimulus of

protective tariff, it should be remembered that it has not merely led to an increase in the direct employment in the industry itself but the fortunes of a vast number of cotton cultivators are intimately bound up with the prosperity of the industry. For example, while the total output of cotton piece-goods has advanced from 2,419.1 million yards in 1929-30 to 4,012.4 million yards and 4,268.7 (*a*) million yards, in 1939-40 and 1940-41, respectively, the total consumption of Indian raw cotton by Indian mills has gone up from 24 lakhs bales in 1929-30 to nearly 30 lakhs and 35 (*b*) lakhs bales (out of the ten-year average crop of 52.1 lakhs bales) in 1939-40 and 1940-41, respectively. Similarly, the spectacular development of the Sugar Industry, which can now more than meet India's total demand for sugar, has not merely provided direct employment in the sugar factories but has meant a stable and assured market for the produce of millions of cane-growers in the fields.

Clearly, the transition from an economy adjusted to the production of a large volume of staple agricultural crops for export to one based on more balanced distribution between agriculture and industry, is bound to occasion a number of changes in the nature and composition of India's external trade. For example, the Policy of Discriminating Protection, which India has adopted since 1924, has led to the rise of many important industries such as cotton textiles, iron and steel, sugar, paper, matches, cement, to the full stature of their development. The establishment of these industries which more than meet the home demand, has altered the character of India's foreign trade in recent years and she is increasingly importing higher quality and capital goods such as machinery, motor cars, radios, etc., and exporting semi-manufactured goods such as cotton textiles, chrome leather, cement, in contrast to a simple exchange of exports of raw materials and foodstuffs against imports of manufactured and finished goods of consumption, which characterised her

---

(*a*) Source : Monthly Survey of Business Conditions in India.

(*b*) Source : Indian Central Cotton Committee estimates quoted in "Commerce" dated 25th October, 1941.

trade in the past. This process is likely to gather momentum as India makes greater progress towards full-fledged industrialisation. A change in the composition and character of the foreign trade would necessarily call for production-adjustments in the internal economy. For example, the bulk of the Indian cotton crop consists of short and fair staple lengths, and was, in the main, marketed in Japan. The relative shrinkage of the export markets for cotton in recent years, both in Japan and in Europe, has made it imperative that the internal market for raw cotton provided by the Cotton Textile Industry should be fully developed and expanded. The Indian Textile Industry is, however, increasingly producing finer and higher quality piece-goods which consume relatively longer staple cotton. In view of this, effort would have to be made to restrict the output of short and medium staple cotton, and to stimulate, to the utmost possible extent, the production of longer staple cotton.[1] Similarly, the curtailment of the area under jute by the substitution of rice (which is normally imported in large quantities from Burma) for jute, would also be necessary to bring the Peace-time supply of jute more in accord with the reduced world demand, consequent on the serious decline in the value and volume of total international trade in recent years. A conscious and deliberate crop-planning would, therefore, have to be an integral part of the programme of Industrialisation, with a view to minimizing the hardship and the difficulties of the transition period.

It would be seen from the foregoing discussion that a rapid development of heavy capital-goods industries, service industries, like banking, shipping and other secondary industries, would alone create a net increase in total employment and incomes of the people, which are vital to an improvement in their standards of living. Although tremendous in its magnitude, the problem which India has to face, today, is not qualitatively different from

[1] This process has been greatly accelerated by the necessity of diverting acreage under short-staple cotton to foodgrains, partly as a result of the loss of export markets, and partly as an important plank of the "Grow More Food" campaign during the last two years.

the problems which the countries in the West had to face on the eve of their Industrial Revolution. This aspect of the matter has been put, with characteristic vigour, by Professor T. E. Gregory (now Economic Adviser to the Government of India) in the following passages :—

> " Whatever the casual sequence may be, it is clear that we should view the Eastern scene in the light of our own historical experience and recognise that the ultimate condition for a rise in the Eastern standard of life is such a balance between population growth and technical progress as to permit of a surplus which will raise the per capita welfare of Eastern populations. The attainment of this surplus is theoretically possible by a drastic decline of population : given the population situation, it is only possible to solve it by means of industrialization. Nor is there anything of a sinister or pessimistic nature in this conclusion, as such. For a growing population with growing resources represents a growing market : in fact, the East is reproducing the conditions which made for the most rapid economic growth in other part of the world in a not very remote past.
>
> It is part of the fashionable pessimism of the age to harp upon the disadvantages (after having only a short while ago dilated upon the advantages) of a stationery population. Productive capacity and inventiveness are constantly growing ; but where are the consumers who will take off the market the output of the 'mass-production' industries ? This fear that there will not be a market erroneous as it is—is responsible in the West for a growing volume of suggestions by which the ' fatal dilemma ' can be overcome : they reduce themselves in the main to various devices for maintaining ' mass purchasing power.' Now, in the East the situation differs in this important respect, there is no lack of a market in the sense that there is an insufficient number of potential consumers ; what is lacking is the means to satisfy their requirements, given the existing productivity. To raise their

standard it is necessary to increase productive equipment—and that is to industrialize." (1)

"Industrialization is the only possible solution for the appalling absolute standards of life in the East : it requires a degree of economic irrationality, of which the present writer is not capable, to regard the process as on balance undesirable. It follows that, difficult as the problems of adjustment may be, they remain subsidiary, not in the sense that solutions are easy to find, but in the sense that they flow from an historical process which cannot be resisted, and which ought not to be resisted." (2)

After an exhaustive survey of the "Conditions of Economic Progress", as revealed by the experience of different countries, Mr. Colin Clark has reached a similar conclusion as seen from the following passages :—

> "Studying economic progress in relation to the economic structure of different countries, we find a very firmly established generalisation that a high average level of real income per head is always associated with a high proportion of the working population engaged in tertiary industries. Primary industries are defined as agriculture, forestry and fishing ; secondary industries as manufacturing, mining and building ; the tertiary industries include commerce, transport, services and other economic activities. In the U.S.A., Canada, Great Britain, Australia and New Zealand, nearly half of the working population is engaged in tertiary industries ; in other European industrial countries and the Argentine, between 33 and 40 per cent. Low real income per head is always associated with a low proportion of the working population engaged in tertiary production and a high percentage in primary production, culminating in China, where 75-80 per cent of the population are primary producers. High average real income per head compels large proportion of producers to engage in ter-

(1) Pages 370-371, and (2) Page 377. "Eastern Industrialization and its effect on the West" by G. E. Hubbard ; Concluding Chapter by Professor T. E. Gregory.

tiary production even in countries which are supposed to be predominantly agricultural (Australia, New Zealand and the Argentine), where, in fact, only about 25 per cent of the working population are found to be engaged in primary production. The reasons for this growth of the relative number of tertiary producers must largely be sought on the demand side. As incomes rise (it will be shown below) the demand for such services increases, and being non-transportable they must be supplied by workers within the country concerned." (1)

"In Great Britain and Norway the transfer of population away from the comparatively unproductive agriculture assisted in raising the general average income per head. In Sweden, Italy and Japan also there was a transfer away from agriculture, but in this case income per head was also rising in agriculture. In France and Australia, agricultural incomes per head, until recently, were higher than those of the rest of the community. Generally speaking, the main dynamic of economic advance has been rising income per head in either secondary or tertiary industry, often in both, and the transfer of population away from primary industry." (2)

No reasonable advocate of rapid industrialization means by it an indiscriminate use of Tariff or subsidies for the establishment of industries. Fortunately, India has the precedent of thorough Tariff Board inquiries before Tariff Protection is granted to an industry. What is demanded is not the abolition of such procedure but the creation of a permanent Tariff Board machinery entrusted with the task of surveying the growth and accelerating the development of all industries which are likely to create a net increase in the total incomes, employment and output in the community. The most crying need of the situation in India, however, is not the mere grant of Protection to one industry or the other as a grudging or piecemeal concession to insistent public demand but a complete change

(1) Pages 6-7, and (2) Page 12. "The Conditions of Economic Progress by Colin Clark.

in the outlook of the State regarding the supreme urgency of the industrialization of the country. It should be borne in mind in this context that the most important question which is at present agitating the mind of thinking people all the world over is that if the State can take the lead in mobilising the entire economic resources of a community, with a view to maximising production for fighting a total war against human enemies of civilization, then, it is all the more incumbent on the State to take the initiative in creating an environment which would ensure the fullest possible employment of industrial resources for fighting a total war against the more permanent and common enemies of mankind like poverty, disease and ignorance. Nowhere is the urgency of formulating an adequate answer to this question greater than in India where the general standard of living is one of the lowest in the World and where the discredited doctrines of Laissez Faire and Free Trade are still fighting a rear-guard action and have not completely deserted the citadels of High Economic Policy. The long survival of the Laissez Faire tradition coupled with the tragic spectacle of millions and millions of persons, being denied the right to a " living wage " in the sense that they are willing to work but do not find a full day's work, makes it all the more imperative that the State in India should assume the responsibility of creating an industrial environment which would stimulate such a high level of investment both public and private—as could generate and support a volume of employment, incomes and output sufficient to sustain the population at a relatively higher standard of living. This would require the formulation of a long-term plan designed to stimulate industrial expansion, agricultural progress and educational uplift. The kind of spirit in which the question of rapid development and diversification of industries should be tackled can be illustrated by a few examples.

India, today, has a fully developed cotton textile industry which has produced on an average approximately 4,200 million yards of cotton piece-goods during the last three years. Despite the existence of a large-scale cotton textile industry, the development of other subsidiary industries which would cater for its requirements of all

kinds of mill-stores, has not made any considerable headway. The elaborate list of secondary industries which could be supported by the cotton textile industry is contained in the following passage from the Memorandum submitted by Mr. (now 'Sir') Frederick Stones to the Bombay* Textile Labour Inquiry Committee :—

> "The textile industry of India is now sufficiently large to warrant big developments in ancillary industries, on which a small commencement has been made in the last few years. The manufacture of roller skins and roller covering works, shuttle and bobbin making, roller flannel, sizing flannel, shuttles and bobbins, ring travellers, preparation machinery and looms, healds (cotton and wire), reeds, dobbies, jacquards, engraving plants, calender bowl pressing plants and many other subsidiary industries, are all worthy of detailed examination.
>
> A start might also be made in manufacturing ring frames in the same manner that the Japanese used to develop these industries, namely, by importing rollers and spindles from abroad and making the remaining parts here. China and Japan have works for the manufacture of high drafting parts of excellent quality and with assistance and organization such parts could readily be made here.
>
> This list could be extended, but sufficient has been written to show that there is a large scope for expansion, which, in addition to providing employment in new industries, would make the country more self-supporting in the event of world conflict and shipping difficulties."

The circumstances arising out of the war have emphatically brought out the dependence of the cotton textile industry on most of the products which are enumerated above and they offer a unique opportunity for collecting complete data and examining the possibilities of developing these alternate lines of production if the State approaches

---

* Page 223—Report of the Bombay Textile Labour Inquiry Committee.

the problems with a determination to solve the urgent question of maximising total available employment and output within the country. It is of utmost importance that during the pendency of the war, a comprehensive inquiry should be made from all organised industries regarding their requirements of all kinds of mill-stores and machinery, throughout the processes of production from the point at which they take in raw materials to the point where they turn out finished goods and detailed plans should be worked out as to the lines on which the subsidiary industries could be developed and supported in their initial period. Given an attempt to secure the co-operation and help of the industrialists, it should not be difficult to encourage the development of many of these industries within the country. The possibility of dispersing the location of these new industries in the village-areas round about the principal industrial centres, through the extension of greater electrification, with a view to providing supplementary employment and income to the village population, deserves to be carefully considered.

Another line of development is to examine the possibility of developing the manufacture of railway parts, plant and machinery in the country. The State in India, to-day, is in virtual ownership and control of one of the large Railway systems (the process of which may be completed by the purchase of the remaining Company-managed railways, with the help of the accumulated Sterling resources during the present war) in which the total capital invested is to the tune of Rs. 758 crores. The annual Capital Expenditure Programme of the Railway system runs into several crores. If an attempt is made to judiciously plan, in advance, the annual Capital Expenditure Programme, as a whole, over a period of time, such Programme could be made a powerful instrument of manufacturing railway parts, plant, locomotive and other machinery-building industries within the country through the guarantee that a large part of the output of these industries would be purchased by the State. What can be achieved if the Store Purchase Policy of the Indian Railway system, as a whole, is utilised as a means of developing the locomotive and railway parts manufacturing

industries within the country itself, can be realised from the fact that due to the virtual cessation of foreign imports as a result of war, the Tata Iron & Steel Co. have recently established a new plant for the manufacture of wheels, tyres, and axles, on such a scale as to satisfy all the requirements of the Indian Railway system. If plans are, therefore, worked out now and put through gradually during and particularly the closing phases of the war, such industries would provide necessary outlet for the surplus output of war-expanded Iron and Steel Industry and also absorb a large portion of the skilled technicians released by the Ordinance factories, after the signing of Peace. Similarly, assuming the maintenance of a mechanised Army in India in future, the capital expenditure of the Defence Services and more particularly the replacement-requirements of vehicles for the Army could be utilised as an instrument for encouraging the development of automobile industry through the guarantee of purchasing a definite portion of the output of the industry by the Defence authorities.

A well-thought-out house-building programme, according to a predetermined target, planned extension of wells, tanks and irrigation facilities to give immunity to the soil from the vagaries of the monsoons, construction of rural communications and roads, offer a vast scope for ' Public Works ' expenditure, which besides stimulating employment for men and materials would greatly add to the material assets of the country. The building up of Railways offered a very profitable line of capital development which provided large scope for employment of men and materials in most industrial countries, in the early stage of their development. The housing conditions in most industrial cities in India afford mere pretences of accommodation to the working population, while in rural areas there is little or no housing as such. As against this unsatisfied demand for shelter, it is generally known that some of the building materials such as Cement, were supposed to be on the brink of relative over-production, in the sense that the manufacturers could not dispose their output profitably in the market just before the outbreak of the present war. If the public authorities in the country,

as a whole, pool their knowledge and work out plans for the rural and urban areas and put through the plan as soon as the prices of building-materials, like Cement, etc., rule low in the post-war slump, besides mitigating the difficulties of the building-trades, the authorities would go a long way in meeting the most urgent need of industrial and agricultural workers, *viz.* the provision of decent and cheap housing accommodation.

It would be seen from these illustrations that the surpemely urgent function which the State in India has to assume is not merely the grant of isolated concessions of protective help to a particular industry but it has to undertake a far more vital and far more important task of creating an environment which would stimulate public and private investments in a large number of capital projects, which alone would lead to a net increase in total employment, incomes, and output in the country. While emphasising this, however, it must be remembered that no large-scale programme of planned industrialization would succeed unless it is linked to a simultaneous Drive for agricultural improvement and educational uplift. The supreme consideration which must be constantly borne in mind by those in charge of policy is that, apart from small export outlets, the Indian industries would have mainly to rely on the internal market for the sale of their output. Given co-ordinated effort to increase the total available employment and the total national output of goods and services, it is quite possible that the consequent increase in the demand for agricultural products would tend to raise the surplus income in the hands of the agriculturists, which, in its turn, would favourably react on the position of the industries of the country. It is, however, important to bear in mind that the Indian market is essentially a Price Market, in the sense that the price of the commodity is of the greatest concern to the average consumer than its quality (in view of the low purchasing power of the masses). The success of the plan of large-scale diversification and development of industries would, to a very large extent, depend on the ability of the industry to produce commodities at a price which would have reasonable relationship with the surplus money-income in

the pockets of the vast bulk of Indian masses. This imposes a great responsibility on the industrialist to maximise his productive efficiency, with a view to keeping down the costs of production, while Labour would have to see that they do not pitch up their demands to such a level as would disproportionately raise the costs of production and thus hit at the very source of their earnings, *viz.* the stability and the progress of the industry.

Given proper appreciation of the major economic problem and further given a bold lead by the State to tackle it, the public opinion would be prepared to support as high a standard of comfort to the Indian industrial workers as that of his compeers in the West. This can be seen from the following passage from the speech of one of India's most distinguished business-cum-financial authorities[1]:—

> "This brings me to the question of labour in factories. When the Royal Commission on Labour was announced by His Excellency the Viceroy I felt that this Commission could not teach us much which we did not know. I am all for any relief which can be given to labour in India, but I feel that whilst we may do all we can for the factory labour in India, we must not overlook the larger labouring section in India, those who labour in the fields and agricultural areas. They do not come in here. It is difficult to bring them in, and it is more difficult when you bear in mind the low economic income of the agriculturist, referred to by one of the previous speakers. I am only mentioning this, not in order to pour any cold water on the enthusiasm of the Government of India to do their best for the factory labourer. The factory labourer works perhaps under exceptionally—shall I say, insanitary,—circumstances, and I am all for whatever is feasible. My anxiety, however, Sir, is this. We, Sir, want the factory labourer to have the best of wages, the best of housing accommodation, and a standard of life which must be

[1] Speech of Sir Purshotamdas Thakurdas, pages 2068-70—Legislative Assembly Debates, Vol. I, 1929.

considered at least to be a civilised standard of life. Now, if factory labour can only subsist on the factories' capacity to employ them, I venture to ask the Honourable Member in charge of the Labour Department, how are you going to get your labour all these benefits, unless you have a national outlook in regard to our industries. There is a vernacular proverb, which you, Mr. President, will be able to appreciate :

" Kuwa ma hoi to havada ma ave."

" Water will come into the trough only if there be any in the well."

If you run the well dry, what can you give the cattle when you take the cattle to the trough ? I am not saying a word against, in fact I am very glad that you are doing what you want to do for, factory labour, but have you simultaneously borne in mind that you owe a duty to the same labour to see that their employment is constant, that their employment is one which is not a thing of fits and starts ? With a policy of denying India protection where other countries have protection under similar circumstances, with a policy of discriminatory protection which is being administered, shall I say, in the most conservative or step-motherly manner, do you expect factory owners to do wonders for their labour ? If you are, you are expecting the most uneconomical thing. Do you expect the industrialists of India to pay labour out of their pockets ? The right sources from which labour should be paid are from the profits one makes out of an industry, and I am all for a substantial share of the profits of an industry being earmarked for the welfare, the benefit and the better wage and higher standard of comfort of the labourer. But, according to my lights, I warn the Government of India that this policy of starving industries even of what may be due to them in other countries where there are national Governments, and then to bring about—not that it need necessarily be their intention, but the result is—an unnatural clash between capital

and labour, you are doing a disservice to India which will tell very hardly against the prosperity and normal life of India even under a national Government. I therefore feel that, simultaneously with your solicitude for labour, you must also realise that you owe a greater duty to labour in seeing that the industries are not starved of what is due to them, that the industries also have your due attention ; otherwise all that can happen is that the factories have to work by fits and starts and may eventually close down. And when the industries cease to exist, you will have done a greater disservice to labour than you imagine today. In fact, Sir, I am one of those who are prepared to go to this extent. I would agree to a " minimum wage for the factory labour of India. I would agree to a minimum standard of comfort for the factory labour of India, both by statute, provided I am sure that there is a sympathetic department which will watch the fate of the industries, which will look after the minimum requirements of the industries, and will give them a sympathetic hearing and help them to a solution of their difficulties without asking them to wait for years and years.

In this connection, I would like to tell the House about a rather interesting incident yesterday. A representative of a fairly important indigenous industry called on me yesterday morning. He said, they wanted certain protection in order that they might be able to compete with the imported article. I recommended him to write to the Commerce Department and ask that Department to refer the question to the Tariff Board. This gentleman told me—and I have no reason to disbelieve him—that the Commerce Department insist upon industries in India working at losses for three to five years before they accept *prima facie* proofs, justifying applications for protection. Incidentally, it may be mentioned that the only exception to this is the powerful oil industry and its reference to the Tariff Board on the very first application to the Commerce Department. I hope there has been some mistake between what this gentle-

man told me and what the Commerce Department gave him to understand. I cannot believe that the Commerce Department would ask a person who can adduce *prima facie* proof of the soundness of his request, that he must drop money for three or five years before a reference can be made to the Tariff Board. I only mention this with a view to clear up a misunderstanding if there be any. As far as I am aware, none can yet congratulate or condemn the Commerce Department on its having been in too much of a hurry to bring relief to any indigenous industry by offering it protection.

I do not wish there to be any misunderstanding on this score, and although I made it sufficiently clear, I again repeat, that I have nothing to say against the solicitude of His Excellency the Viceroy for Labour by appointment of the Labour Commission. I am prepared to give to labour all that a minimum standard of comfort will demand. I would, however, very much like an inquiry into the labour conditions and the wages of labour in the fields of India. That is what is wanted in order that agricultural labourers and factory labourers may be treated alike. All that I urge is that, whilst Government show solicitude for the labourer in the factory, they must not overlook the prosperity of the factory on which, in fact, the employment of the labourer depends."

The volume of national production in a country depends as much on the full utilisation of all its available productive resources as on the efficiency of such resources. It is common knowledge that India is at present confronted with the stupendous task of developing her own industries against the competition of highly developed industrial countries like Great Britain, Germany, U.S.A., Japan, and so on, with the help of an industrial population, the majority of which is steeped in utter depths of ignorance and illiteracy. Only about 12.0 per cent. of India's huge population is literate according to the census of 1941. Apart from this, the complete removal of the appalling illiteracy of the mass of the people, through the establish-

ment of universal and compulsory primary education alone would inculcate the desire for better living and create the stir of social ambition which would provide a solid foundation for the improvement in the present standards of living. In most progressive countries the education of the people has been regarded as the first and foremost responsibility of the State, and compulsory primary education has become a common practice. The most fruitful line on which the authorities both at the centre and the Provinces, could concentrate all their energies and efforts would be to maximise the expenditure on the education of the people. The problem of raising the mass of the Indian population from ignorance and illiteracy presents a formidable financial and social task. In his recent book,[1] Sir George Schuster has emphasised that the cost of the experiment of extending education to the mass of the people would be prohibitively high unless the national Governments of the future tried to mobilise the voluntary services of the educated classes, by appealing to their highest feelings of self-sacrifice and service. With this end in view, he has suggested that every University graduate should be required to enlist in the army of workers working in the Indian rural villages for the removal of ignorance and illiteracy, for a period of two years, before entering upon the career of his choice. The poverty of the mass of the Indian population, today, is so deep and wide-spread and the struggle for existence has become so acute that it is impossible that all the young men, at the end of their University career, would have the resources or the patience to go through a period of two years of such social work on a salary which would be based more on ideas of public service than its economic value, before they take to their own careers in life. Past experience in India and elsewhere conclusively shows that the responsibility of educating the nation must primarily be borne by the State which must regard large-scale expenditure for the purpose as the most beneficial investment in the human resources of the country, calculated to raise their quality and efficiency. There is, however, great force in the contention of Sir George Schuster that the costs of the extension of Primary

---

1 "India and Democracy" by Guy Wint and Sir George Schuster.

Education to the mass of the people will tend to be very heavy unless the voluntary services of the people are mobilised by the national Governments at the centre and the Provinces. A fruitful suggestion[1] which could be made to tackle the problem of adult illiteracy and improving the conditions of rural life is the possibility of organising some kind of an annual Holiday Labour Camps in the vicinity of the Indian villages. In every Indian University the undergraduates enjoy a long vacation which varies from 3 to 4 months in a year. The Rural Development departments in each Province should invite the Universities to send out a list of undergraduates taking up different courses of studies such as Engineering, Medicine, etc., and select a batch of say 100 young-men to join the first Holiday Labour Camp. Side by side with the appeal of the Minister, the Rural Development Department should select a particular district where the Labour Camp is to be held. The Department should also compile a list of all the village craftsmen such as carpenters, brick-layers, unemployed floating able-bodied persons and so on, in the villages comprising the district. The Camp should last for a period of between 1 and 2 months, which should equal the University vacation, and should, as far as possible, coincide with the off-season leisure of the mass of the agriculturists in the district. The Holiday Labour Camp should be run on the same lines as the University Training Camp or the Scouts Camp. The Government should bear the cost of the experiment which should be confined to meeting the railway fares and providing meals to the workers in the Labour Camps for the period during which they are held. The main object of such Camp should be to utilise the voluntary services of each worker, according to a well-thought-out plan for removing illiteracy, imparting lessons and bettering the rural conditions generally, such as the improvement of rural dwellings, rural roads, sanitation, and so on. For example, the engineering students, with the help of the surplus village labour and cratfsmen, can prove useful in the work of improving rural dwellings and rural roads,

---

[1] This suggestion was made by the author to one of the Provincial Ministers in charge of Rural Development, in September 1939.

etc. The medical students can be of great help in the matter of village sanitation, while the other students, particularly the Economics students, can make a survey of the sources of the income of the bread-winner in each village, the manner in which they get their credit, and sell their produce, and submit the results of their inquiry in the form of a report at the end of the Holiday Labour Camp, for record and use of the Rural Development Department. Thus, a combination of students from Engineering, Medical and Arts Colleges, including women undergraduates who can freely approach the womenfolk in the villages, would be of great help to the village people in the matter of improving the conditions in the country-side. The experiment should begin in one district and if it proves successful, it should be extended to other districts and be made a permanent annual event. If the attempt proves successful, the Government can appeal to the people of the Provinces to donate funds for the purpose of carrying on such "healthy and educated rural areas work." The proposed Holiday Camp is essentially an attempt to utilise the services of enthusiastic undergraduates and unemployed village-folk in summer holidays for practical tasks which may result in the improvement of the rural areas. Besides mobilising the voluntary services of educated University undergraduates, such Camps would have a lot to teach to the students themselves, because they would bring them in living contact with the realities of daily life of toil of millions of their brethren in the country-side.

Apart from the question of the extension of Primary Education, another factor which has a vital bearing on the efficiency of the industrial and the agricultural worker, is the urgent necessity of completely overhauling the existing educational system and setting up adequate number of vocational-training institutions. It is trite to say that despite recent welcome changes, the present educational system is, in the main, a mere expansion of a system which was originally devised for ensuring an adequate supply of administrative talent to man the manifold departments of the State. As a consequence, the educational system at present is turning out such a vast supply of persons equipped for these administrative services as to be out of all pro-

portion of the demand for them and this has led to a serious situation of middle-class unemployment in the country. On any rational examination, one is forced to accept the conclusion that the existing educational system is completely divorced from the realities of economic and commercial life of the country. The spread of culture and of true learning in a community is, no doubt, a vital purpose of education, but all that culture or true learning has to give would be wasted and lost upon the youth of the country if they find that, at the end of their long period of training, they have nothing before them except long and dreary days of unemployment. An educational system certainly ill-serves the youth of a country if it does not teach them the most fundamental art, *viz.* the art of making their own living. In any future scheme of educational reconstruction in India, the following words of Mr. Harold Butler deserve to be written large in the fore-front of the Programme. Writing about the great urgency of extending and improving education for raising the standard of living of the masses, Mr. Harold Butler observes as follows :—

"The problem of bringing about the essential improvement in the standard of living is thus open to attack from a number of angles. Underlying them all is the need for education in the broadest sense. It has been said that education should have a three-fold aim : to get a living, to live a life and to mould the world. For the thousands of years over which its history and literature extend, India more than any other country perhaps has borne in mind what many of the Western nations have forgotten : that an esssential aim of education is to enable a man to live a life. [1] *It needs now to emphasise that part of education designed to help a man to get a living. How rapidly and how completely it can do this will go far towards determining the part it plays in the third and final aim of education : to mould the world.*" (2)

The war has given considerable fillip to the development of facilities for imparting technical training to the working-class young men. The Government of India initiated the

---

[1] The italics are mine.

(2) Page 32—"Problems of Industry in the East" by Mr. Harold Butler.

technical training scheme in 1940, with a view to meet the war needs of the country and to create a nucleus of trained technicians to help the industrial development of India. The following figures show the progress of the scheme as on 31st December 1943 :—

Number of training centres ..	287
Number of seats	42,858
Number of persons under training .	31,371
Number of persons passed out and appointed to various posts ..	59,690

The Bevin Training Scheme, initiated in 1942, meets the demand for training young men for supervisory posts. The scheme was initiated exclusively for the benefit of young men of the working classes. It was a new departure in the sense that Indian artisans were enabled to get higher technical training in the U.K. at the expense of His Majesty's Government. The total number of Bevin trainees sent for training till December 1943 was 563. The war-time experience would afford valuable guidance for the future for creating facilities for technical training for Indian artisans at home and abroad on a scale sufficient to meet the increased demands of Indian industrialisation. Efforts should be made to secure for Indian young men adequate opportunities for theoretical and practical training in the factories in industrial countries like U.K., U.S.A., Canada. A large batch of suitable young men should be sent for training at the expense of the State. As regards training facilities in India, the best way to proceed would be as follows. All Provinces and States should undertake an exhaustive and detailed survey of all the avenues of employment which are available in industry, commerce, trade, and all other allied occupations within the Province or State, and their reports should be consolidated in a single report by the Centre. On the basis of such survey, they should proceed to examine whether the education imparted by the existing institutions is such as to equip the young men for service in these occupations, and whether any modification of courses is called for, and further to suitably

expand institutions which impart technical and vocational training to persons desirous of entering all these various services. Clearly, there need be no uniformity between the educational institutions of various Provinces, because the economic conditions would vary from Province to Province. While the Punjab would have to extend agricultural schools, it is clear that Provinces like Bombay, U.P., Bengal, would have to set up an adequate number of vocational institutions which specialise in giving training in such courses of studies as are suited to the needs of the industries in these Provinces. Having surveyed the available avenues and outlets for trained youths of the Province in the industry and commerce, and having made adequate provision to set up necessary institutions, the Central and Provincial authorities should endeavour to enlist the co-operation of the businessmen and commercial people, with a view to ensuring that all the youths trained in this manner are being recruited for service in the industry and commerce. Endeavour should also be made to secure the help and co-operation of the leaders of industry and commerce, with a view to attaching to each vocational training institution a suitable workshop which reproduces the actual conditions in the industry itself where persons receiving theoretical lessons in institutions can do practical work. They should also ascertain the willingness of industrialists in the Province to take up an adequate number of trained students as apprentices within the factories, with the assurance that they would be permanently recruited in the industries concerned. Such reorganisation and adaptation of the educational institution to the changing requirements of economic and commercial life is vital for minimizing the hardship resulting from the situation where at the end of their training a large number of young men find that their equipment has little or no relationship with the actual needs of commercial and industrial careers.

It will be clear from the foregoing analysis that a tremendous and powerful Drive to increase the total employment and output through rapid industrialisation, improvement in the efficiency of agricultural production and a great educational effort would be essential for achieving such increase in the national output of goods and services

as would assure a reasonable standard of living to the mass of the people including the industrial workers. Food, shelter, clothing and a minimum educational attainment can be regarded as the contents of " economic freedom." To enjoy such economic freedom, every able-bodied man and woman must command the minimum purchasing power which in its turn will depend upon the opportunities which the economic system affords them of full employment at a fair price. To the urban industrial worker it means full and constant employment at a fair wage. To the agriculturist it means a guaranteed market for his surplus produce at a fair price. To the middleman it means a fair and stable remuneration for his services. For the achievement of this objective, the specific plans dealing with industry, agriculture, public works, etc., must be made integral parts of a comprehensive and well-knit economic plan designed to secure " food, work and homes " for all.

That every man and woman in the country should have a minimum of food, shelter, clothing, health and educational standard is an indisputable goal of economic planning. The most vital question, however, is how to secure a level of monetary investment sufficient to produce, on the one hand, full employment of the available resources in men and materials and on the other, the maximum increase in the total production of goods and services without causing an abnormal inflationary rise in the production-costs, serious reactions on the foreign trade position and such a heavy burden on the national exchequer as would cause a complete collapse of the whole financial fabric. The issues which arise are : (*i*) what order of priority is to be applied to the development of basic industries, consumer-goods industries and agriculture to achieve the desired increase in production and employment, (*ii*) what level of social service expenditure could be consistent with the resources at the disposal of the national exchequer and (*iii*) how the necessary finance can be raised.

It is generally accepted that for raising the productive efficiency of the economic system in a backward country, a very large initial investment in capital goods such as capital equipment of the industry or mechanised agricul-

ture or in the means of transport and in developmental projects such as hydro-electric and irrigation works will have to be undertaken at the expense of current consumption during the initial period of the execution of the plan in the hope that when these capital goods are brought into employment, the volume of national production could be increased multifold without raising production-costs. The level of social-service expenditure in the initial period of the plan will have to be adjusted from year to year to the capacity of the national exchequer to bear it in the light of the increasing resources at its disposal. The level of monetary investment which, in the main, will generate the increase in level of employment, incomes and output to pre-determined targets must necessarily be limited by the capacity to raise the required finance. In India, the existence of unemployed resources in men and materials during normal years makes it probable that the increase in the money incomes in the hands of the people resulting from a given level of monetary investment in capital-goods industries or developmental projects and Public-works Programme will be offset, to some extent, by proportionate increase in production of goods and services. It will, however, be idle to suppose that an ambitious economic plan designed to mobilise the available productive resources for launching a frontal attack on the appalling poverty of the masses could be executed without requiring the general mass of the consumers to tighten their belts and undergo a reduction in the current consumption in the initial phases of the plan. The imposition of rigorous controls over prices, supplies and distribution of food and other essential commodities made familiar by the War and a simultaneous drive to augment food production will help, to some extent, in minimising the hardships to the consumers. It is, however, almost certain that such planning will entail heavy sacrifice on consumers in the form of reduction in consumption-goods with a view to release resources in men and materials for building up the capital equipment. Planning without tears is an impossible task. The problem of raising the mass of the people from their present depths of destitution and poverty to standards of living which can be called reasonable and humane is,

however, so urgent that no sacrifice should be deemed too great to prevent the acceptance of a plan, boldly conceived and vigorously executed, to tackle the problem of Indian poverty.

Clearly, no plan on a scale as suggested here, would be successful without appropriate changes in the monetary and exchange policy, a conscious population policy, and so on. The foregoing discussion should by no means be regarded as an exhaustive statement of the Programme for tackling the fundamental problem of raising the standards of the people to reasonable levels. It is merely intended to give an idea of the stupendous task which confronts the national Governments both at the Centre and in the Provinces, in the years to come. It is needless to emphasise that a popular Government responsible to the legislature alone would be in a position to make a stirring appeal to the spirit of public service and sacrifice in the citizens and to mobilise their support for the achievement of the noblest task which confronts them, *viz.*, raising the huge mass of humanity from their utter depths of destitution, ignorance and illiteracy, to levels which can be described as human and civilised. The task is one which, no doubt, would occupy the zealous energies and services of successive responsible Governments imbued with the highest spirit of public service. But, given good-will and proper appreciation of their mutual role by the State, the industrialist and Labour, there is no reason why the Indian workers in the factories and the fields should not be able to enjoy as high a level of material well-being as is made possible for their co-workers in the West, thanks to the services of Science, Knowledge and Enterprise.

INDEX

	Page
Compensation Acts—Workmen's, 1923 ; 1933 ; 1937 ; 1939 ; 1943	29–33
Council—All-India Industrial	3, 165
Disputes—Trade-legislation relating to—Trade disputes Act 1929, Bombay Trade disputes conciliation Act 1934, Bombay Trade disputes Act 1938, Madras, U.P. and Bengal Trade disputes bills	34–42
Disputes—Industrial-settlement of—Right to strike, limitation on the right, position in U.S.A., Australia and Canada, number of disputes in India, Need for a proper machinery for settlement, Provisions of Bombay Trade disputes Act, Main features of a Central Bill for peaceful settlement of disputes	104–115
Educational facilities—system in vogue in Great Britain, Position in India, Technical Training Scheme, Bevin Training Scheme, lines of further development of.	101-103,191-197
Factory Legislation—Acts of 1881, 1891, 1911, 1922, 1923, 1926, 1931, 1934 ; Children's pledging Act 1933, The employment of Children Act 1938 and 1939, Factories Amendment Acts of 1940 and 1941, C.P. Unregulated Factories Act 1937	5–15
Fatigue—Institute of Industrial fatigue and psychology—position in Great Britain, case for establishment in India of	70,166
Hours of work—maximum hours, position in Great Britain, New Zealand, Canada, Australia, U.S.A. and India, case for general reduction of, hours of work in unorganised trades, Night shifts work—case for regulation of, position in Great Britain, Italy and Japan, Change-over of workers, case for regulation of	62–73
Housing—Industrial, position in India, need of organised effort for	158–162, 186–187
International Labour Office, Conferences	1, 62
Labour Legislation—diversity of	3, 53
Labour legislation in Indian States	48–50
Labour—Congress Policy of	2, 57–60
Mining Legislation, Mining Acts, 1901, 1923, 1928, 1935 ..	23–25

	Page
Maternity Benefits Legislation, Bombay, C.P., Ajmer-Merwara, Madras, Delhi, U.P., Bengal, Assam, Central Government	44–46,60
Payment of Wages Act 1936	33
Protection—Discriminating	2,177
Plantation Workers' legislation, Acts of 1859, 1860, 1903, 1908, 1915, 1925, 1926, 1929, 1932	26–29
Progress—Economic-conditions of	172–182
Planning—Economic in India, Major Planks of	182–200
Rationalisation—meaning of, case for regulation of ..	91–95
Recruitment—Methods of recruitment of Labour in India, Badli Control system in Bombay, system in Great Britain—Personnel Departments, Employment Exchanges, Case of Contract Labour, case for regulation of.	95–101
Shops Legislation	2, 15–23
Statistics—Industrial—need for collection of	163–164
Standard of living—meaning of, general standard of living in India	168–172
Tariff Board—permanent case for establishment of ..	86, 182
Textile Labour Inquiry Committees—Bombay, C.P., Cawnpore	60
Trade Union Legislation, Act of 1926, bill of 1943 ..	42–44
Trade Unions in India—causes of slow development of, victimisation of workers, recognition, position in Great Britain, U.S.A., Canada, conditions for recognition recommended by Bihar and C.P. Committees, Provisions in Bombay Trade disputes act relating to Trade Unions, lines of further advance of	116–132
Transport workers' legislation	27–29
Wages—Minimum, case for fixation of, Principles and machinery of, minimum wages in Great Britain, Australia, New Zealand, U.S.A., Case for Minimum Wages in India, Period of wage payment in unorganised trades, Standardisation of wages, case for	74–91
Welfare Measures—voluntary efforts, Bata's work, voluntary work in India, Social Insurance Legislation, Sickness, Old Age, Unemployment, Paid holidays, retiring gratuity, Provident Fund, system in vogue in West, proposals feasible in India	133–158

1292